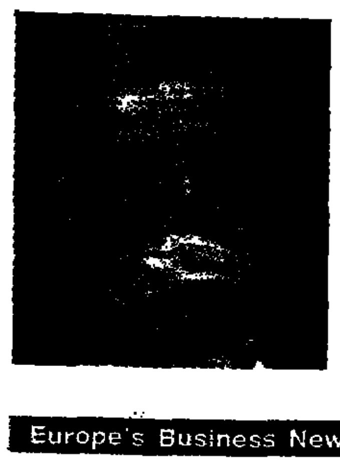


Joe Rogaly
Hurd springs the Maastricht trap
Page 14

Taming the dragon
West seeks trade liberalisation in China
Page 6

Business dynasties
Oldest firms keep it in the family
Page 8

Latin America
Clinton prompts concern south of the border
Page 15

FINANCIAL TIMES

Europe's Business Newspaper TUESDAY FEBRUARY 16 1993 D8523A

Clinton launches plan to create 500,000 jobs

US president Bill Clinton promised to create "half a million or more jobs" with an economic programme to be announced tomorrow. He said his administration was "taking a new course" after 12 years of Republicanism. Many elements of his programme are expected to provoke opposition from interest groups, though Mr Clinton said he would remain "faithful to the great middle class of this country". Page 16

Hopes of Chinese shift on HK: The Hong Kong stock market gained sharply on reports that China may soften its opposition to talks on wider democracy. But in Beijing there was little sign that China's stance had changed. Page 16

Go-ahead for Fokker deal: The Dutch government has accepted the terms set by Deutsche Aerospace for its takeover of aircraft manufacturer Fokker after a compromise over redundancies as well as capacity and production cuts. Page 17

Talks on digital video standard: The next generation of video tape recorders – digital VTRs which record in computer language - were the subject of talks between Japanese electronics companies aiming to avoid a standards war. Page 16

Yeltsin confidence vote: Russia's conservative parliamentary chief Ruslan Khasbulatov said a planned constitutional referendum should contain a separate question of confidence in President Boris Yeltsin. Page 16

French job losses rise: Nearly 133,000 salaried employees lost their jobs in 1992, indicating that professionals are not immune from the rising tide of French unemployment. The overall number of jobless grew by 5 per cent to 2.98m. Page 16

Tapie sells Adidas: Bernard Tapie, French businessman and politician, has sold control of Adidas, German sporting goods group, to a consortium of investors for DM615m ($370m). Page 17

Victory for conservative in Cyprus:

The surprise victory of Glafcos Clerides in Sunday's presidential election in Cyprus could lead to a harder Greek Cypriot stance in UN sponsored talks on reuniting the island. Mr Clerides, veteran rightwing leader, won by fewer than 2,000 votes, upsetting most forecasts. He may be constrained by his party's alliance with the centre-right Diko, which is unwilling to make concessions to the Turkish Cypriot minority in northern Cyprus. Page 2

Bonn attacked on arms exports: The German government was accused of double standards in its arms export controls, after approving the sale of missile parts for Taiwan and tank engines for the UAE. Page 2; Russia offers US arms sales deal, Page 3

Serbs keep aid trucks waiting: UN aid trucks waited in freezing weather while negotiators tried to persuade rebel Serbs to allow them through to Moslems trapped in eastern Bosnia. Meanwhile, the Bosnian capital Sarajevo was heavily shelled. Appeal to US on Bosnia, Page 2

Warning on Czech-Slovak trade: The sharp decline in bilateral trade between the Czech Republic and Slovakia could damage both countries' prospects, the Czech economics minister warned. Page 6

Lithuanian president named: Algirdas Brazauskas, Lithuania's former Communist leader, won the presidential election with a 60 per cent majority, vindicating his conciliatory style and promises of less painful market reform. Page 3

Proventus, Swedish investment group, bought a 39.4 per cent stake in Aritmos, a leading sport and leisure company, for SKr730m ($101m). Page 19

Terrorism costs Egypt $700m: Moslem militant attacks on foreign tourists – Egypt's main source of foreign currency – may have cost Egypt $700m in lost business. Page 4

Inquiry into nuclear leak: A full inquiry has been launched into last week's radiation leak at Britain's Sellafield nuclear site, which the government has described as "serious". Page 7

Colombian bomb attack: At least four people were killed and more than 100 injured when two car bombs exploded within minutes of each other in crowded areas of Bogota. Page 5

Road death toll rises: China's roads are becoming more dangerous, with 60,000 fatalities from road accidents last year, an increase of 10 per cent. Page 4

Queen accepts Sun offer: Britain's Queen accepted an apology by The Sun newspaper and its offer to pay £200,000 ($285,000) to charity for breaking an embargo on her Christmas message.

STOCK MARKET INDICES

FT-SE 100:	2,845.9	(+2.9)
Yield	4.31	
FT-SE Eurotrack 100	1,132.97	(+3.00)
FT-A All-Share	1,386.96	(+0.2%)
Nikkei	17,117.98	(+266.46)

LONDON MONEY

3-mo Interbank	6⅞%	(Same)
Liffe long gilt future:	Mar 102¼	(Mar 102⅞)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$17.98½	(18.44)

GOLD

London	$328.55	(328.45)

STERLING

London:		
$	1.418	(Same)
DM	2.3625	(2.3575)
FFr	7.955	(7.9725)
SFr	2.165	(Same)
Y	171.5	(171.25)
£ Index	78.1	

Tokyo close Y 121.15

The New York markets were closed yesterday

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft192	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Spain	Pta200
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr18.00	Sweden	SKr15
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000
						UAE	Dh11.00

Japanese banks told they should write off bad loans

By Charles Leadbeater in Tokyo

THE Bank of Japan is urging Japanese banks to write off non-performing loans, possibly worth several thousand billion yen, in a radical shift of policy towards the banking system's bad loan problem.

A senior Bank of Japan official acknowledged that if the banks followed its advice some might be forced into net losses for the year ending March 1993. A Japanese bank has not made a loss since the second world war.

The move confirms that the financial authorities believe the Japanese financial system is under more strain than at any time since the 1920s and 1930s, when several banks collapsed.

It is unheard of for a Japanese bank to declare a loss, mainly because they have been able to cover their bad loans by gradually drawing on their accumulated reserves. However, the banks' bad loans have now reached such proportions in the wake of the collapse of the speculative bubble economy of the late 1980s that the Bank of Japan is urging more radical action to clear up the mess.

In the six months to the end of September the non-performing loans of the top 21 Japanese banks rose by 54 per cent to Y12,300bn ($102bn), largely as a result of the collapse of the property market since 1989.

The senior Bank of Japan official, commenting on Sumitomo Bank's recent decision to write off Y100bn of bad loans, said: "The Sumitomo decision is very much in the right direction. We want to encourage banks to try to follow suit."

He said some of the most vulnerable banks opposed writing off bad loans because the resulting net loss could trigger a collapse in confidence.

The official said: "No bank is yet facing a net loss. But it is being discussed and I would say it is even a possibility. We are telling them that if there is a need to go that far then they should not be afraid to set off on the march because we will stand behind them."

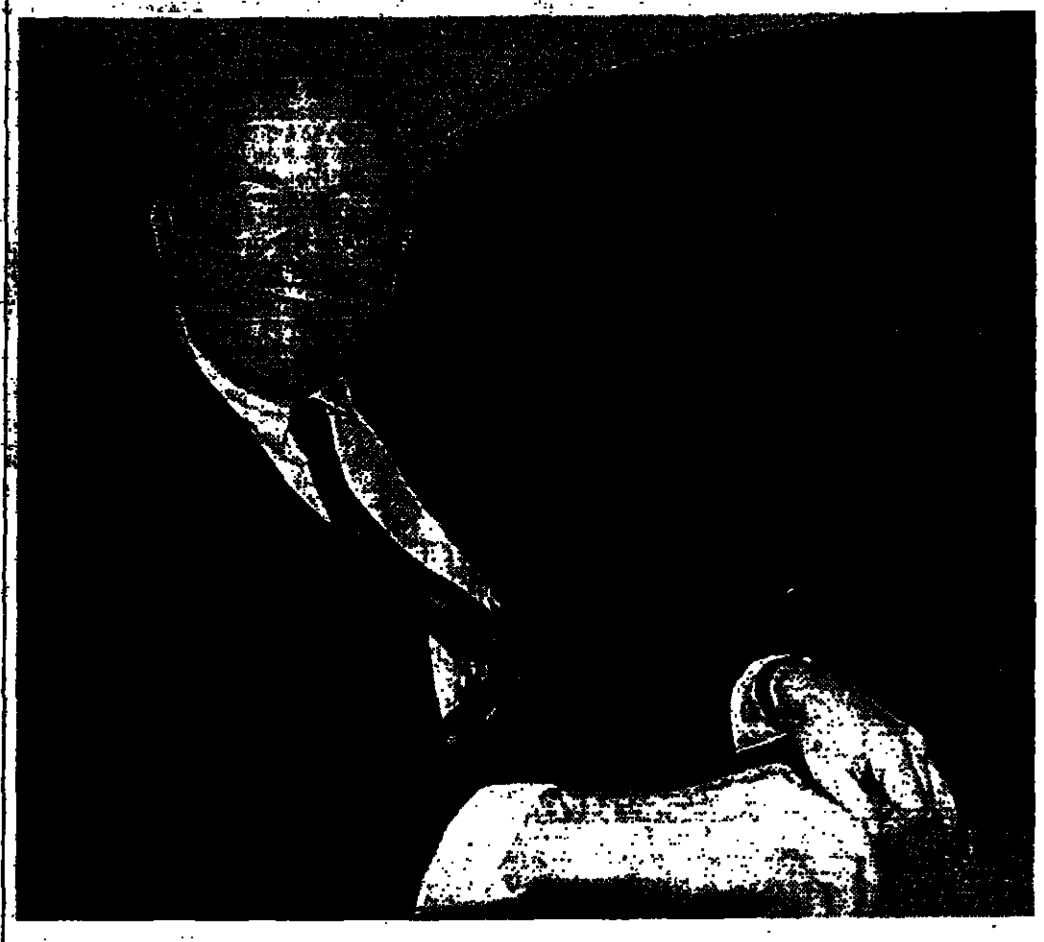
Commenting on recent proposals for some banks to revalue their property holdings to generate a profit to set against their mounting losses, the official said: "The banks are not in that kind of plight yet."

In the past the banks never had to consider such drastic action because they never faced such large bad loans, the official explained. He said the recent cut in the official discount rate to 2.5 per cent was partly aimed at encouraging banks to write off bad loans by allowing them to improve their operating profits.

Bad loans were still rising although not at the rate of growth in the six months to last September, the official said.

The sluggish state of the Japanese economy was confirmed by a 1.6 per cent increase in corporate bankruptcies in January compared with the same month last year, the 28th consecutive annual increase.

Ward cleared of Guinness theft



Thomas Ward, a Washington commercial attorney, leaves the Central Criminal Court in London after being acquitted of stealing £5.2m ($7.38m) from Guinness, the drinks group Page 7

EC ministers allow for Emu delay

Members may defer economic 'convergence' past 1995 writes Lionel Barber in Brussels

EUROPEAN COMMUNITY finance ministers yesterday agreed to prolong member states' economic "convergence" programmes beyond the end of 1995, a move which leaves open the possibility of a delay in economic and monetary union.

The European Commission portrayed the decision as a "technical" matter which would set a common framework for measuring EC members' performance on inflation, budget deficits and government debt – the "convergence" criteria set down as conditions for Emu in the Maastricht treaty.

But senior Commission officials were last night on the defensive after several EC delegations suggested that the extension of convergence programmes into 1996 could signal a delay in the Emu timetable, beyond the earliest possible date of 1997.

Doubts about the "convergence" programmes have grown because of their deflationary impact at a time of rising unemployment, and because Germany – the cornerstone of a future monetary union – does not presently meet the convergence criteria for Emu because of the soaring costs of unification.

The Maastricht treaty leaves open the possibility of a delay until 1999. But until recently, the Commission and Emu advocates have stressed strict convergence, with a view to early Emu - despite widespread scepticism in the financial markets and ill-disguised reservations in Germany.

EC officials said the main reason for prolonging the convergence programmes lay in significant differences in national programmes. There is a need for common standards and methods for measuring readiness for Emu, they added.

Confusion about a Commission retreat on Emu began to circulate at the end of a meeting of EC finance ministers in Brussels. The confusion grew after Italian, German and Luxembourg diplomats reported that several delegations had voiced disquiet about rising unemployment in the EC and poor growth prospects in the Community.

A senior EC diplomat said several member states had complained that 17m people were out of work in Europe, driving up budget deficits through lost tax revenues and increasing the danger of social disorder. "There might be people in the streets," he said.

A senior Luxembourg diplomat suggested that the Commission had laid the groundwork for "stretching out" the timetable for monetary union to take account of lower than expected growth.

But Mr Henning Christophersen, EC economics commissioner, denied categorically that the decision to extend the convergence programmes had laid the groundwork for a retreat from plans for an early Emu.

He stressed that co-operation on a Community-wide growth initiative would increase the prospects for Emu, if possible by 1997.

Mr Christophersen said that convergence programmes would continue if necessary, "into eternity" so that all EC members would have the chance to meet the strict Emu criteria.

"We are not talking about a delay in the general process. We are talking about a common time frame." A senior EC official who helped draft the Maastricht treaty said that yesterday's decision to extend the convergence programmes beyond 1995 did not alter fundamentally the situation.

"Convergence will continue as long as necessary. There will be an attempt in 1996 to see if there is a majority," he said.

The European Commission started monitoring convergence programmes in 1991. Eight member states have so far put forward programmes, but they run at varying lengths, with some expiring at the end of this year, 1994, or 1995. France, the UK, Greece and Denmark have so far held back on offering programmes.

Under the treaty, which has still to be ratified by Denmark and the UK, a majority of member states can agree to adopt a single currency at the earliest by 1997, or at the latest by 1999 – provided they show a "high degree of sustainable convergence".

UK still in trouble over Maastricht

By Alison Smith in London

THE UK government yesterday retreated from another damaging confrontation over its European policy by declaring that a defeat in parliament over the controversial social chapter would still allow it to ratify the Maastricht treaty.

Amid rowdy scenes in the House of Commons Mr Douglas Hurd, the foreign secretary, made the embarrassing admission that the previous legal interpretation provided by Foreign Office lawyers had been mistaken.

Facing derision from the opposition and anger from some Conservative Euro-rebels, Mr Hurd surprised MPs by saying that the government had given wrong legal advice to the Commons when it said that passing the Labour opposition's amendment on the social chapter would wreck the treaty.

Mr Hurd said the government would still oppose the amendment, but that it was not essential for ratifying the treaty it should be defeated.

Mr Hurd said: "If the amendment were carried it would have no effect on our ability to ratify the treaty." There was further opposition mockery as he said that it was "for the sake of completeness and tidiness" that the social protocol should be incorporated into domestic law.

Dr Jack Cunningham, shadow foreign secretary, was scathing in his response. He said there was "confusion and disarray in

Continued on Page 16

HK market firms on reports of softer stance from China

By Simon Holberton in Hong Kong

THE Hong Kong stock market gained sharply yesterday on reports suggesting that China may soften its opposition to talks with Britain about proposals by Mr Chris Patten, the governor, for wider democracy in the colony.

The reports, in Chinese newspapers published in Hong Kong, were the first indication that China might drop its call for Mr Patten to withdraw the proposals, published last October, as a precondition for talks.

In spite of the reports, which quoted mainland officials, there was little sign that Beijing had moderated its opposition to the plans, which cover broadening the electoral franchise in 1995 elections.

At the same time, China has indicated that it is willing to discuss Hong Kong's political development before Mr Patten's proposals are put to the colony's Legislative Council.

The Executive Council, Mr Patten's top advisory body, two weeks ago cleared a bill for submission to the Legislative Council which would give effect to his plans for greater representative democracy in Hong Kong without amendment.

But it was understood yesterday that Mr Patten had last week delayed gazetting the bill after Mr Lu Ping, China's top official on Hong Kong affairs, requested time to study it.

The bill is still expected to be introduced before the end of this month and Legco is expected to debate it at length.

Mr Lu is understood to have indicated to Sir Robin McLaren, Britain's ambassador in Beijing, an interest in discussing Hong Kong's political development before the bill is published.

If talks do begin, Mr Patten and the British government will have to decide whether and how long to defer the introduction into Legco of the governor's plans, or attempt to negotiate with China while Legco debates them. Officials said China had left it to the eleventh hour to suggest that talks might be possible. "They will have to recognise that the process has moved a long way since and that we can not put everything on hold," said one.

No date has yet been set for a meeting between Mr Douglas Hurd, the foreign secretary, and Mr Qian Qichen, his Chinese counterpart. The two would be due to meet in March under a twice-yearly schedule already established.

The Hong Kong stock market greeted yesterday's reports enthusiastically. The Hang Seng index rose 191.29 points, or 3.27 per cent, to end the day at 6,049.44 – the first time the market has closed above 6,000 since last November.

China's trade leap, Page 6

CONTENTS

NEWS: EUROPE

Kozyrev in appeal to US on Bosnia

By John Lloyd in Moscow

MR Andre Kozyrev, the Russian foreign minister, yesterday appealed to the US to back the Vance-Owen peace plan for Bosnia – and said that the Bosnians should have "no illusions" that they would get more help from the international community, including the US, than was available under the plan.

Speaking to the Financial Times after a meeting in Moscow over the weekend with Mr Reginald Bartholomew, the US special envoy for Bosnia, Mr Kozyrev claimed that he had a "clear understanding" with both Mr Bartholomew and Mr Warren Christopher, the US secretary of state. He expected the US to support the Vance-Owen plan "with only a few corrections, but they must be small corrections".

He said he was "happy that Bartholomew is on board". He was "cautiously optimistic" that the Vance-Owen plan would soon be put to, and adopted by, the United Nations Security Council.

"After that we cannot impose – you cannot impose anything in this area – but we can insist that there is no better solution."

Mr Kozyrev said the virtue of the Vance-Owen plan was that "it left everyone equally unhappy. To change it would be a zero sum game, for if you give more to the Bosnians you give less to the Serbs, and then you will never get agreement. You will get another six months of killing and raping and then a Vance-Owen plan mark two."

He did not directly criticise the US administration. "A new administration has a legitimate right to make one round to see for themselves – so that when they come back from this round there will be a much greater degree of realism on their part.

"As a diplomat I would never say that they have given a wrong signal [to the Bosnians]. They [the Bosnians] have probably had a wrong signal from the US press.[But] it would be a total mistake for them to rely on outside intervention. No-one has the massive force for this."

Russian-US-European co-operation on the former Yugoslavia crisis has been close, and the Russian government has so far backed both sanctions against Serbia and UN intervention. Now, however, Mr Kozyrev is giving a clear signal that an independent effort by the US to elaborate a different strategy would not find support in Moscow.

Mr Kozyrev, who has been under strong pressure from conservative elements in the Russian parliament to cease support for sanctions against Serbia, said the embargo should stay, but should be lifted when it was clear that President Slobodan Milosevic of Serbia was using his influence on the Bosnian Serbs to stop the fighting.

The Russian foreign minister, who himself faces a daunting list of ethnic problems within and on the borders of Russia, said that it was important for the UN to show that there "is a clear carrot and stick".

UN officials yesterday tried to persuade Bosnian Serb commanders to allow a relief convoy to reach a besieged Moslem enclave in eastern Bosnia, Laura Silber writes from Belgrade.

The 10 trucks were held up by Serb commanders, who ignored an agreement between the Moslem-led Bosnian government and Serb leaders to let the vehicles through to the Cerska area, where the United Nations High Commissioner for Refugees estimates as many as 25,000 Moslems are trapped.

Macedonians get scent of an identity

Kerin Hope on Athens concessions over a name for the former Yugoslav republic

GREECE is finally making concessions in its dispute over the name of Macedonia, the former Yugoslav republic. It follows a year of aggressive posturing that has infuriated its European Community partners and Balkan neighbours.

Mr Constantine Mitsotakis, Greek prime minister, has accepted the idea of a United Nations-sponsored arbitration process to find a name by which the republic can be recognised internationally. So far only a handful of countries, among them Russia and Turkey, have recognised Macedonia.

Mr Mitsotakis is willing to accept one of the compound names suggested last year as a way of distinguishing a sovereign Macedonia from the adjoining Greek province of Macedonia.

The consensus among historians and intellectuals on both sides of the border is that Vardar Macedonia, named after the river that flows through Skopje, the Macedonian capital, would suffice.

A draft Security Council resolution, put forward by Britain, France and Spain, tries to set the framework for a settlement by proposing that Macedonia should join the UN under the temporary name of Former Yugoslav Republic of Macedonia.

Gligorev: parliament pressure

Mitsotakis: accepts UN process

Lord Owen and Mr Cyrus Vance, co-chairmen of the Yugoslav peace process, have agreed to oversee the arbitration procedure. Efforts would be made to introduce confidence-building measures, some of which have already been agreed in previous attempts by the EC to resolve the dispute.

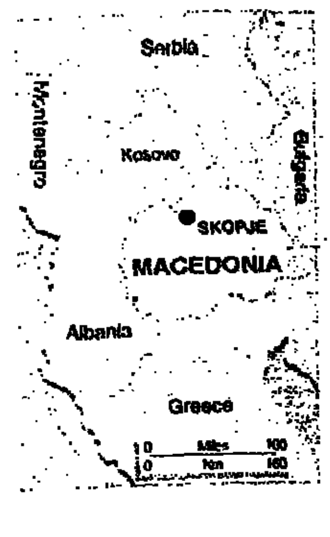
The Macedonians would drop their propaganda campaign aimed at convincing outsiders that northern Greece belongs to a Greater Macedonia. The Greeks would provide economic aid and a border guarantee for Macedonia.

Macedonia's near-isolation has caused a sharp economic decline, with GDP shrinking 14 per cent in 1992, and unemployment rising to over 30 per cent of the workforce. A $25m loan from Mr George Soros, the international financier, to cover fuel purchases and essential imports, is now keeping the economy afloat.

Joining the UN, even under a temporary name, would bring recognition from Macedonia's trading partners, enabling banks in Skopje to start borrowing abroad again. Membership would also speed up financial aid from international organisations. Macedonia has already joined the International Monetary Fund with the prefix of "Former Yugoslav Republic", assuming responsibility for its 5.4 per cent share of the ex-Yugoslav debt, amounting to $11m.

While withholding recognition for Macedonia, because of Greek objections, the EC has pledged Ecu100m ($117m) aid, much of it to be delivered through the northern Greek port of Thessaloniki, Macedonia's closest outlet to the sea.

Most Greek politicians now accept Macedonia will soon be recognised under that name. Mr Mitsotakis' attempts at conciliation over the Macedonia question have angered the nationalists in his own New Democracy party as much as opposition socialists.



Mr Kiro Gligorev, Macedonian president, faces pressure from the hardline faction in the VMRO party, the largest group in parliament, not to accept a temporary name. But he knows that if Macedonia joins the UN with the interim name, it will probably not be hard to drop the prefix at a later date.

SPD plan to tax high earners

By Quentin Peel in Bonn

A PLAN to raise taxes on Germany's higher earners, and to impose a labour market levy on civil servants and the self-employed, was proposed yesterday by the opposition Social Democrats (SPD) as an alternative "solidarity pact" with east Germany.

The package, formally approved by the party leadership in Bonn, would also include more drastic dismantling of tax allowances, and fewer cuts in social spending, than the alternative plan tabled by the ruling German coalition.

Mr Björn Engholm, the SPD leader, presented his proposals yesterday as a negotiating package for the government and expressed his belief that the two sides would reach some compromise in the coming months.

"At least we will agree on a partial package," he said after a press conference in Bonn. "We need it for the sake of the German economy." He said that the Social Democrats remained committed to the concept of a "solidarity pact" to finance recovery in east Germany.

Employment has collapsed in the east since unification, along with large parts of the country's former state-owned industry.

The SPD also rejected the government's parallel plan for the introduction of a special motorway toll, proposed to help finance the reform of the country's railway system. The party says that such a charge – proposed at between DM300 ($180.7) and DM400 a year for motorway users – was "senseless both ecologically, and as a transport policy".

Mr Engholm said the SPD estimated the financing gap for the German government and western Länder, needed to finance subsidies in the east, at DM16bn in 1993, between DM35bn and DM40bn in 1994, and DM110bn in 1995.

Opposition stays committed to a solidarity pact on funding recovery

He said that spending cuts – excluding the most drastic reductions in unemployment benefit and other social payments proposed by the government – would only reach a maximum of DM4bn in the current year.

As a result, the introduction of an income tax levy on the better paid, and of a labour market levy on those who do not pay existing unemployment benefit (mainly government servants and the self-employed), was necessary from July 1.

Chancellor Helmut Kohl has set his heart against any tax rise before January 1 1995, and his spokesman said yesterday that he saw no sign of a change.

However both sides agree that negotiations between their positions are necessary, and Mr Engholm and Mr Kohl – regardless of what their colleagues may say in public – both appear committed to that process.

Wage deal for Danish workers

EMPLOYERS of 200,000 industrial workers in Denmark yesterday claimed that a new two-year collective wage and working conditions agreement was "the cheapest ever," writes Hilary Barnes in Copenhagen. The employers said it would raise hourly wage costs by about 1 per cent in the current year and 1.5 per cent in 1994. The main innovation is the right to full pay for the first 14 days of sickness.

The minimum wage rate for the lowest paid will go up in three tranches over two years to DKr70 ($11). The deal is expected to set the pattern for other agreements in both the private and public sectors.

Eta arms cache found

French police yesterday said they had found a secret arms factory that turned out hundreds of submachine guns for the Spanish Basque separatist guerrilla group, Eta, Reuter reports from Bayonne. The basement, near the Spanish border, contained grenades, explosives, machine tools and enough parts for several hundred submachine guns.

French oil tanker ban

France, wary of an oil spill in the Mediterranean, yesterday banned its oil tankers from the Bonifacio straits between Corsica and Sardinia and urged Italy to follow suit with its own ships, Reuter reports from Paris. The ministries of the Environment and Maritime Affairs said French ships carrying oil or dangerous substances through the 20-mile-wide straits between the French and Italian islands would be fined and their captains jailed.

Sweden firm on submarines

Sweden said yesterday it would take action against foreign submarines invading its territorial waters after a report showed increased intrusions last year, Reuter reports from Stockholm. "We will never accept that a foreign power, against our will, exploits Swedish territory, either now or in the future," Defence Minister Anders Bjorck said.

Germany urges migrant controls

By Nicholas Denton in Budapest

INTERIOR ministers from eastern and western Europe gathering in Budapest yesterday for a conference on migration immediately came under pressure from Germany to help curb the influx of illegal immigrants.

Germany is urging east European countries to take back nationals resident elsewhere without permission and to facilitate the return of migrants to their country of origin. Also high on the agenda is a proposal to co-ordinate action against international groups engaged in "human smuggling."

Germany is also eager for western countries behind the immigration front-line to share the burden of financial assistance towards strengthening eastern Europe's immigration controls.

The interior ministers' gathering, originally scheduled as a follow-up to a meeting in Berlin in 1991, coincides with the German government's efforts to tighten up the country's liberal asylum rules.

Germany's proposed constitutional amendment would allow authorities to turn back claimants for refugee status if they have arrived from "safe" neighbouring east European countries. Poland and the Czech Republic, however, are determined not to become a *cordon sanitaire* or "special zone" for seekers of asylum in Germany.

Bonn's attempt this week to mobilise its neighbours behind a common European policy on migration follows a frustrated attempt at a bilateral settlement with Poland. Germany offered DM55m ($33m) to Poland last week to finance transit, refugee camps and onward deportation for rejected asylum-seekers but Warsaw called instead for a regional solution.

Germany's domestic and diplomatic efforts have an added urgency because of continuing racist attacks against foreigners. However, European Community countries less affected by immigration from eastern Europe are grudging in their solidarity.

UK officials said yesterday that, while supporting recommendations on the exchange of information, they did not wish to see additional measures. The UK also opposed an Austrian proposal for a code on migration and described as unrealistic ideas about financial contributions given the current economic climate.

Speakers at the conference expressed general concern that the influx of foreigners is aggravating xenophobia and fuelling the growth of far-right political movements across Europe.

Bonn attacked on arms exports

By Quentin Peel

THE German government was under attack from left and right yesterday for apparent double standards in its strict arms export controls, after it approved the sale of missile parts for Taiwan and tank engines for the United Arab Emirates.

The decision to allow the export of electronic parts for US-manufactured Patriot and Ram anti-aircraft and anti-missile missiles to Taiwan was confirmed by the German government just two weeks after it refused to sell 10 German-built submarines to the Taipei government, for fear of alienating China.

At the same time it emerged that the Federal Security Council, the secretive body to which all arms export decisions must be submitted, had approved the sale of diesel engines from the German Leopard tank, to be installed in French vehicles sold to the UAE – although a sale of complete Leopard tanks would not have been approved.

The German government is also under attack for agreeing earlier this month to supply Indonesia with 39 former East German naval ships in spite of protests from Portugal because of human rights violations in their former colony of East Timor.

Mr Jürgen Möllemann, the former economics minister, called on the government either to allow the export of the submarines to Taiwan, or to cancel its approval of the missile technology. He said that if it was clear that fear of Chinese anger over the exports was not important, then the export of submarines – securing thousands of German jobs in the hard-hit shipbuilding industry – should be given high priority.

Mr Dieter Vogel, the government spokesman, defended the decision to export Patriot and Ram missile technology on the grounds that it was a joint project with the US.

"If we do not deliver our part of the project, then nobody will work with us any more," he said.

A second reason for approving the project was that the missiles – one land-based and the other sea-based – were both defensive.

He was not able to comment on the sale of MTU engines for the French Leclerc battle tanks being sold to the UAE, although he was unaware of any change in policy on arms sales to the Middle East.

Bonn has up to now banned German tank sales in the region and, in the 1980s, halted efforts to sell a German-British tank there.

As for the sales to Indonesia, Chancellor Helmut Kohl has promised to raise the question of human rights violations in East Timor – at least in private discussions – on his forthcoming visit to Jakarta.

Government may have to introduce mini-budget before end of June

Italy under pressure to curb deficit

By Robert Graham in Rome

THE Italian treasury yesterday announced the 1992 budget deficit had overshot earlier estimates by L11,000bn and had totalled L163,150bn ($107bn).

The overshoot had been widely expected since projected revenues from privatisation had failed to materialise. The deficit, equivalent to nearly 11 per cent of GDP, means the government will be under pressure to introduce a mini-budget before the end of June.

With the Amato government under increasing political threat and the need to introduce electoral reform, the momentum for privatisation could slow, according to foreign bankers and local analysts.

A slower pace in privatisation is likely to place even more pressure on the government to find alternative resources to hold down the public sector deficit.

Privatisations had been scheduled to raise L7,000bn in 1992, largely from divestitures in the banking sector. Delays and changes in the privatisation plan held back these sales.

This year the government also plans to raise L7,000bn from privatisation; but this revenue will come from a mixture of assets which should have been sold in 1992 and a scaling down of the sell-offs envisaged when the 1993 budget was drawn up last September.

The government plans to raise L15,000bn in 1994 and a further L12,000bn in 1995. This compares with L10,000bn planned last September for each of these two years.

The 1993 budget intends to hold down the deficit to around L155,000bn by raising an extra L93,000bn in fresh revenues and new taxes. Much immediately will depend on the yield from the new "minimum" tax - a tax based on the introduction of minimum acceptable declarations of earnings among the self-employed. The first results will not be known until March.

Clerides victory may harden stance on Cyprus talks at UN

By Kerin Hope in Athens

THE surprise victory of Mr Glafcos Clerides in Sunday's presidential election in Cyprus could lead to a harder Greek Cypriot stance in United Nations-sponsored talks on reuniting the island.

Mr Clerides, the veteran leader of the right-wing Democratic Rally party, edged out Mr George Vassiliou, the incumbent, by a margin of less than one percentage point.

The result, determined by fewer than 2,000 votes, upset opinion poll forecasts that Mr Vassiliou would win by a comfortable margin.

Mr Vassiliou, backed by the Cyprus communist party and many Socialist voters, held a seven percentage point lead after the first-round ballot.

The change of leadership may mean that the next round of UN-sponsored talks on reuniting Cyprus, set for March, is delayed while Mr Clerides works out a new negotiating policy.

Mr Clerides, a 73-year-old lawyer making his third bid for the presidency, served as chief Greek Cypriot negotiator in talks with the Turkish Cypriots in the 1960s and early 1970s.

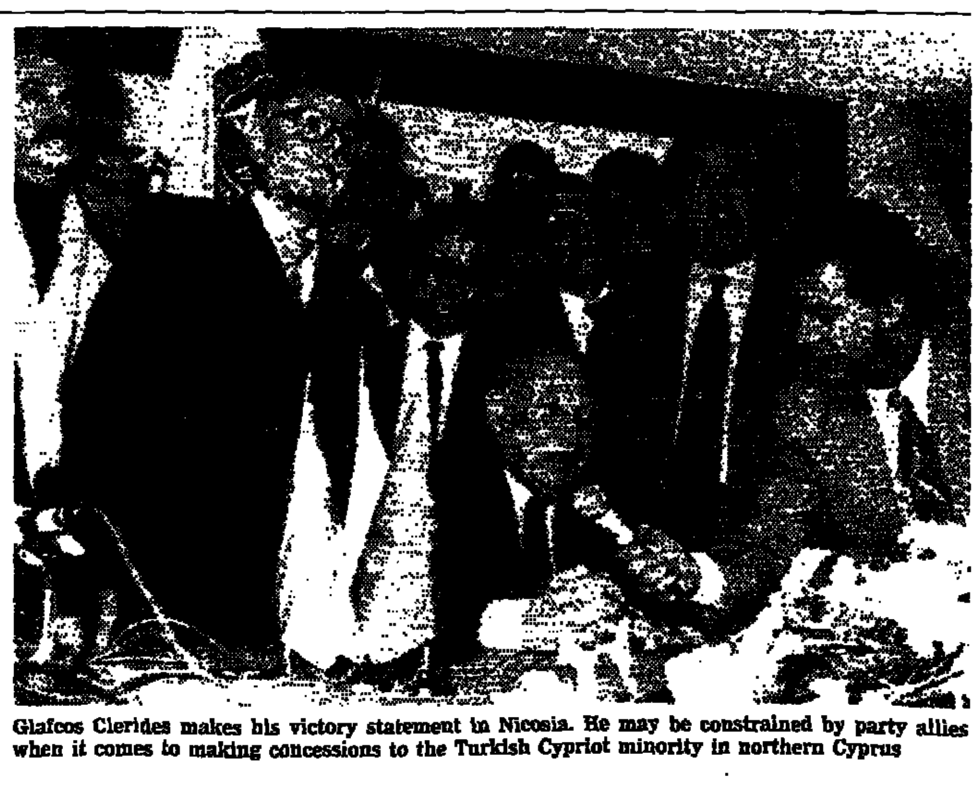
He is considered to have a realistic approach to solving the division of the island.

However, he may be constrained by his party's alliance with the centre-right Diko, which is unwilling to make concessions to the Turkish Cypriot minority in northern Cyprus. Prominent members of Diko are expected to be offered senior jobs in the administration.

Mr Clerides has said he wants to change the "set of ideas" developed by Mr Vassiliou and Mr Boutros Boutros Ghali, the UN secretary general, as a basis for making Cyprus a federated state with Greek and Turkish Cypriots living in separate zones.

Mr Clerides wants to improve the terms on which Greek-owned property occupied by Turkish Cypriots in northern Cyprus would be returned or compensated for.

Mr Rauf Denktash, the Turkish Cypriot leader, responded to the news of Mr Clerides' election by asking to meet him ahead of talks in New York.



Glafcos Clerides makes his victory statement in Nicosia. He may be constrained by party allies when it comes to making concessions to the Turkish Cypriot minority in northern Cyprus

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1993.

Registered office. Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D E P. Palmer Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629 Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Russia offers US arms sales deal

By John Lloyd in Moscow

RUSSIA is to propose to the US an "arm sales for arms conversion" plan under which the west would grant Moscow access to its protected arms markets.

The idea will be put forward next week by Mr Andrei Kozyrev, the Russian foreign minister, in talks in Geneva with Mr Warren Christopher, the US secretary of state.

Mr Kozyrev, speaking to the Financial Times yesterday, said the west should go beyond providing credits, humanitarian aid and more support – "though all of these are greatly valued" – to open up markets to weaponry and related technology.

The Geneva meeting, scheduled for February 25, is the first between the two since Mr Christopher was appointed last month.

Mr Kozyrev said he wanted to declare a "fresh start" in US-Russian relations: "We laid the foundations of a new relationship with the Bush administration, now it is important to implement these relationships in the field of conflict management, especially in Central Asia and in the Middle East, using extensively the UN Security Council."

In Mr Kozyrev's conception for new weapons markets, which he unveiled in part to the Russian parliament at the end of last week, the west would ensure that in the "more than 100 countries" where arms trading was accepted and under no sanctions, contracts would be deliberately opened to Russian competition.

Though he said no western government had openly excluded Russia from its arms markets, "such issues are largely political," and informal barriers had operated.

In return, Russia would use the proceeds of the weapons sales "not to boost the military industrial complex" but for civilian use, largely for conversion of military plants.

"I would say to the US and other western countries: consider as a political decision giving a place to Russia in these markets. This is the same as economic assistance, it *is* economic assistance.

"If we sell MiG-31s or Sukhoi-27s to someone, it is earned money and will be less humiliating for Russia. The money would be used for conversion, and (some of it) for consumer goods and new machinery.

"When the Soviet Union existed, billions were found for defence: this is a new challenge and it takes a new strategy and a new boldness; otherwise, the west will miss an historic opportunity".

Mr Kozyrev told the Russian parliament that Russia was taking part in the Abu Dhabi arms fair and was seeking contracts "worth millions" at an event from which the Soviet Union had been excluded.

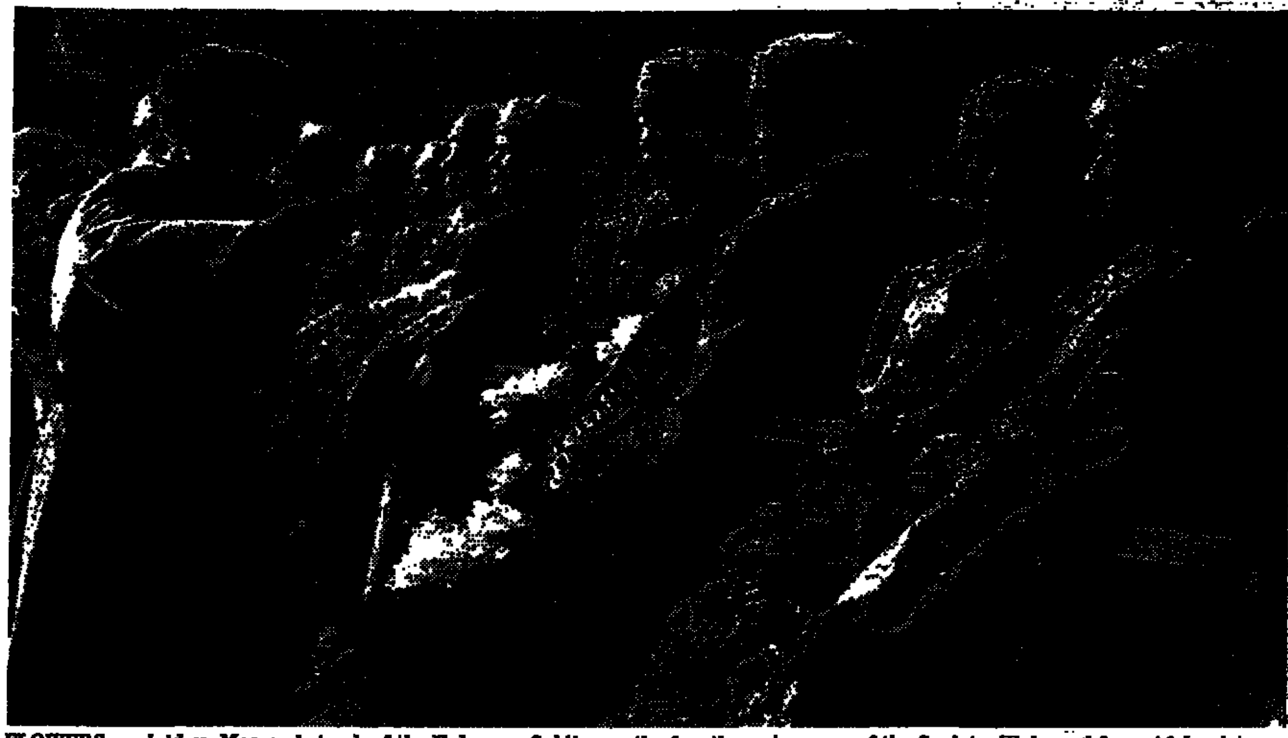
However, he declared that he was concerned that some Russian arms suppliers were talking about the provision of systems "up to and including strategic weapons".

Some of these arms suppliers were attempting to deal with countries against whom arms sanctions had been agreed, and it was only strong state control that could prevent a "chaotic" spread of arms around the world.

At the same time, only an agreement with the west to open up its markets could stop the impoverished Russians pursuing national self-interest.

The former Soviet Union had been a major arms supplier, but to "the wrong people", mainly its third world clients.

"I don't want to continue to supply the wrong people," Mr Kozyrev added.



FLOWERS are laid on Moscow's tomb of the Unknown Soldier on the fourth anniversary of the Soviet withdrawal from Afghanistan

Pledges of less painful market reform vindicated

Brazauskas named new president of Lithuania

By Leyla Boulton in Vilnius

MR Algirdas Brazauskas, Lithuania's popular former communist leader, was yesterday declared the winner of the presidential election. He was elected with a 60 per cent majority, vindicating his conciliatory style and promises of less painful market reform.

Mr Brazauskas' victory sealed a comeback which began when his renamed Democratic Labour Party trounced Prof Vytautas Landsbergis, the republic's confrontational independence leader, in parliamentary elections in November of last year.

Mr Stasys Lozoraitis, the ambassador to the US backed by Mr Landsbergis' demoralised Sajudis movement, received 39 per cent of the vote.

As the Baltic republic's first directly elected president, Mr Brazauskas, 62, will be able to appoint the prime minister and dissolve parliament.

Respected for splitting the Lithuanian communist party from Moscow three years ago in one of the republic's first steps towards independence, Mr Brazauskas now faces the challenge of delivering his pre-election promises.

These include improved relations with Russia to obtain cheaper energy supplies, restoring trading links with its former Soviet neighbours, and boosting industrial production, which fell 55 per cent in the past two years.

Yesterday he said he would remove "as soon as possible all the obstacles" to foreign investment, and vowed to speed up privatisation.

This was despite effectively calling a halt to the privatisation programme of his radical predecessors.

He has claimed that his experience in government can help redress mistakes made by his predecessors.

He says, for example, that breakneck attempts last year to distribute collective agricultural land to pre-communist owners and new independent farmers will spell catastrophe unless the government is able to restore "order" to the sector to enable spring sowing to match last year's levels.

However, he will have little room for manoeuvre on his promises to lessen the economic pain of price liberalisation and social spending cuts if he also carries out his promise to introduce a fully fledged Lithuanian currency and maintain financial policies agreed with the International Monetary Fund.

Although the Lithuanian parliament has just required state-owned enterprises to sell 25 per cent of their export earnings to the state, the republic remains strapped for foreign exchange and foreign investment.

Mr Landsbergis did not stand in the presidential elections, but Mr Brazauskas' victory owes much to popular discontent with Mr Landsbergis.

"These radical nationalist movements make mistakes, lose their authority and then turn round and blame communists," Mr Brazauskas said at the weekend.

He said yesterday, however, that there was no question of returning to communism, explaining that party membership had simply been a way of getting ahead in the old system.

Bank warns on move to take it over

By Leyla Boulton

RUSSIA'S biggest savings bank, Sberbank, said yesterday it was astonished by a central bank attempt to take it over and that such a move, if approved by parliament, would provoke a return to a centralised Communist-era banking system.

Mr Pavel Zhikharev, Sberbank's chairman, also told Izvestiya newspaper that the bank would sharply increase interest paid on savings accounts as soon as the finance ministry repaid money taken to cover state debt.

These long-awaited moves, championed by Mr Boris Fyodorov, the deputy premier for finance and economics, could happen as early as next week.

Mr Zhikharev said the bank had increased its efficiency since it became a joint-stock entity as part of banking reforms a few years ago. He rejected the central bank's accusations, accompanying the proposal to turn Sberbank into a state-owned entity run by itself, that it had used its independence to seek "super-profits" and take excessive risks.

● Mr Alexander Shokhin, deputy prime minister, said last night that "a real threat has appeared of a break-off in debt negotiations with foreign creditors" following a further failure to agree the division of debt between Russia and Ukraine at the end of last week.

The former Soviet debt over which the two are haggling is around $80bn.

Economist is president of Slovakia

By Patrick Blum in Prague

Mr Michal Kovac, 62, an economist and former chairman of the Czechoslovak federal parliament, was elected president of Slovakia yesterday, ending some of the political uncertainty over the newly independent state's future.

In an earlier round of voting last month, none of the candidates won the necessary three-fifths majority of the votes needed in the 150-seat Slovak parliament to elect a president. Mr Kovac, who was backed by the ruling Movement for a Democratic Slovakia (HZDS), was the only candidate in this round of voting, and won comfortably with 106 votes.

His election will come as a relief to Mr Vladimir Meciar, the Slovak prime minister, following last month's inconclusive vote when another leading HZDS member failed to win after two days of voting.

Those elections were followed by bitter recriminations within the ruling party, with threats of a split caused by a dispute between the prime minister and Mr Milan Knazko, foreign minister, who had urged MPs not to vote for the party's own candidate.

Slovakia became independent on January 1 when the former Czechoslovak state was dissolved. Uncertainty about the country's future political and economic direction were exacerbated by rows over Mr Meciar's leadership, and caused a hasty end to the currency union with the Czech Republic earlier this month.

Marching Romanians call on Iliescu to quit

THOUSANDS of Romanians marched through Bucharest yesterday shouting for President Iliescu's resignation in the first workers' street protest against the government which took office in November, Reuter reports from Bucharest.

Discontent over dwindling wages, soaring prices and growing unemployment has built up over the past month with a series of strikes and threatened stoppages, as well as quarrels between unions and the government during wage negotiations.

Many of the 3,000 workers who massed in Revolution Square in icy weather also shouted slogans demanding bread and pay rises.

The protesters, led by the Solidarity 90 trade union federation, are demanding better welfare provision, new jobs and minimum monthly pay of 41,000 lei (£56) instead of the present 17,300. The marchers carried banners daubed with slogans such as "Where is the bread?"

● Romania is facing one of its worst droughts this century, and this year's grain crop could be severely affected, weather forecasters said.

The drought is being worsened by a lack of fertilisers and a shortage of fuel and farming equipment. This helped slash Romania's grain crop by 36.3 per cent to 12.3m tonnes in 1992, the National Statistics Board said.

An official forecast for the 1993 grain crop was not yet available. Last year, Romania imported 1.1m tonnes of wheat and over 263,000 tonnes of maize to make up for domestic crop shortages.

Kyrgyz credit deal expected

By Sheila Jones

THE former Soviet republic of Kyrgyzstan expects to sign a \$300m-\$350m (£212m-£248m) loan agreement soon with western credit institutions led by the International Monetary Fund and the World Bank, Mr Tursunbek Chyngyshev, the Kyrgyz prime minister, said in London yesterday.

Agreement on the loan would enable the Central Asian republic to continue with its free market reforms.

The republic had so far privatised 11 per cent of the country's former state property, mainly in retailing and services, the prime minister said. It hoped more than a third of the country's industry, agriculture and services would be in private hands by the end of this year, and two-thirds by the end of 1994.

Mr Chyngyshev, who is in the UK on a five-day visit, said he hoped western counties would help to underpin economic restructuring with technical assistance and foreign investment in particular. The government of Kyrgyzstan was ready to guarantee foreign joint ventures in the republic.

Reform was proceeding with the help of grants such as the Ecu9.23bn (£7.49bn) European Community technical assistance grant for former Soviet states.

However, the republic's economic progress was being hampered by the instability of the Russian economy and the rouble. If the rouble failed to stabilise, Kyrgyzstan, part of rouble economic zone, would introduce its own currency if it secured sufficient funding.

See Observer

Angola claims to be winning

The Angolan government said yesterday it had regained ground from Unita rebels in the decisive battle for the second city of Huambo but at least 6,000 civilians had died in more than a month of fighting, Reuter reports from Luanda.

Diplomats said the government's position was precarious and they believed the rebels still controlled much of the smashed city.

Those who remained were short of food and water. Hundreds of bodies were littering the streets, military officials in Huambo said on state-run radio on Sunday.

There was no independent confirmation of the reports.

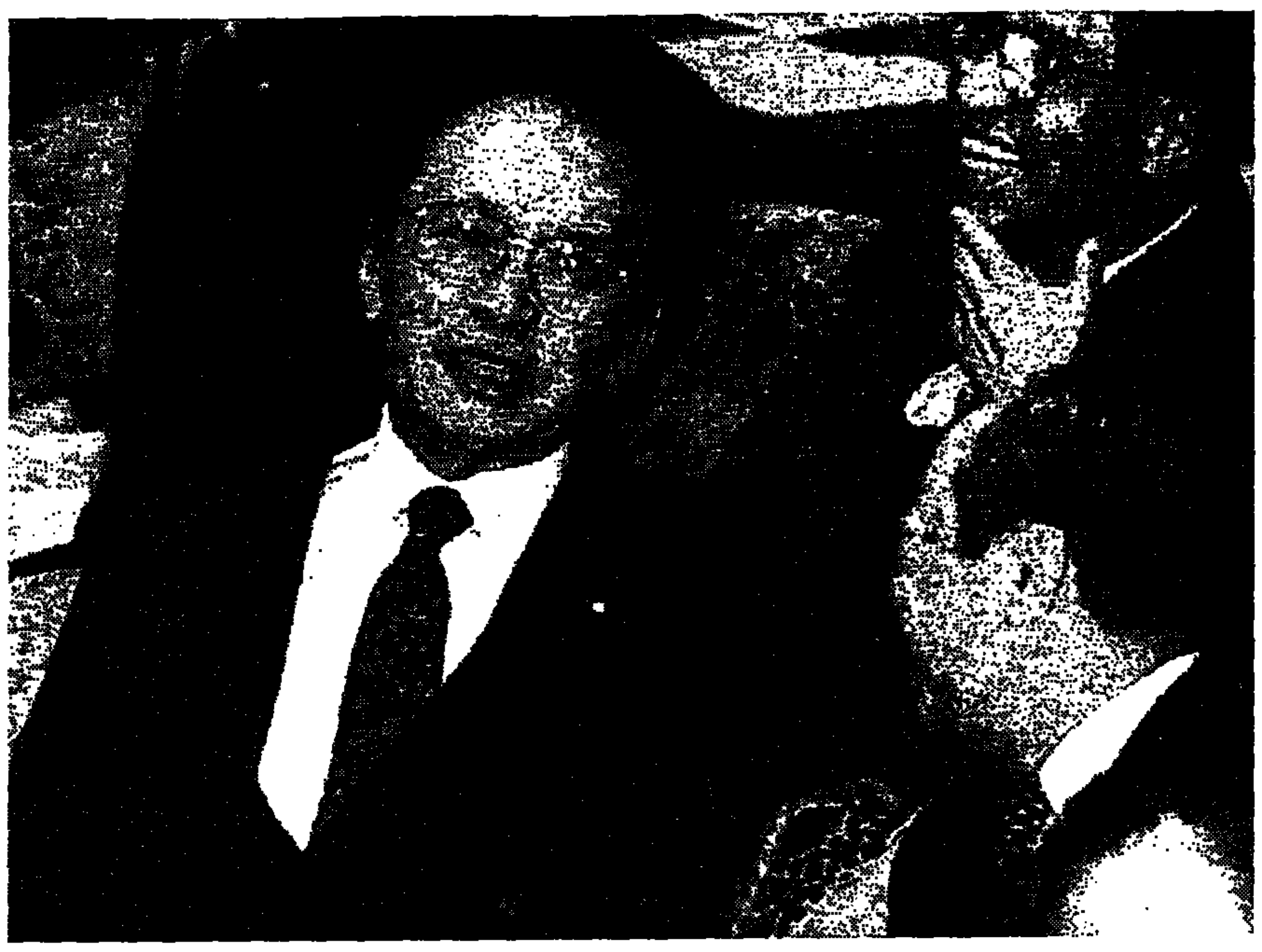
Revolutionary arrested in Iran

Ayatollah Hossein Ali Montazeri, once designated as successor to Ayatollah Ruhollah Khomeini, has been arrested in Iran after denouncing the country's current spiritual leader, Mr Abolhassan Bani Sadr, an exiled former president, said yesterday, Reuter reports from Paris.

The arrest followed an attack by armed men on Ayatollah Montazeri's house last Friday in which three of his aides were killed, Mr Bani Sadr said. His office said the information came from aides to Ayatollah Montazeri.

Mr Bani Sadr said Ayatollah Montazeri came under attack after denouncing Ayatollah Ali Khamenei, the current spiritual leader and Ayatollah Ali Meshkini, head of the Assembly of Experts which examines legislation.

He said Ayatollah Montazeri had described them as agents of the US Central Intelligence Agency who had plotted to remove him as Khomeini's successor.



WATANABE TAKEN ILL AFTER TALKS IN US

Mr Michio Watanabe, Japanese foreign minister and deputy prime minister, pictured above in parliament yesterday, was rushed to hospital just hours after returning from talks in Washington with officials of the Clinton administration, Charles Leadbeater writes from Tokyo.

His illness, which will keep him in hospital for about two weeks, casts a heavy shadow over his ambitions to succeed Mr Kiichi Miyazawa as prime minister later this year. In recent weeks Mr Watanabe and Mr Miyazawa have clashed on a range of foreign policy issues, such as whether Japan should expand its role in United Nations peacekeeping operations. The visit of the US was widely seen as part of Mr Watanabe's campaign to improve his public profile. Mr Watanabe spent a month and a half in hospital last year after an operation to remove gallstone.

Bank of Tokyo fears Beijing's wrath

By Robert Thomson in Tokyo

THE Bank of Tokyo is embarrassed by its success in winning Taiwanese government approval to open a branch in Taipei, because the bank fears that the announcement may offend a Chinese government still sensitive about dealings with the "rebel province".

Japanese financial institutions attempt to be discreet in their dealings with Taiwanese authorities, while the Taiwanese, conscious of their competition with Beijing, are keen to boast about broader ties with the international financial community.

The Bank of Tokyo yesterday refused to confirm that its representative office would be upgraded to branch status, saying only that "the authorities in Taipei have made an announcement" and suggesting that the approval process was not yet complete.

The most important part of that approval process is securing the necessary nod from Beijing, which punished the Bank of Tokyo in 1990 when it announced plans to open a Taipei representative office. A financial joint venture planned by the bank in Shanghai was delayed, and the Chinese government suggested that it would be denied other opportunities in the mainland market.

Japan's foreign ministry has encouraged financial and non-financial companies to expand to Taiwan, and called in Chinese diplomats in 1990 to complain against the action taken against the Bank of Tokyo. The matter was also raised at ministerial meetings, and Beijing eventually forgave the bank.

But the bank is still wary of irritating the Chinese government, which is concerned that Taiwan is on a course to independence from the mainalnd. Japanese officials counter these concerns by arguing that the Bank of Tokyo and other financial institutions act as "a bridge" between Taipei and Beijing.

The Japanese government is also encouraging newspapers to open offices in Taiwan. Only one group, Sankei, has a resident correspondent, and Chinese officials have warned off other newsapapers.

● The Taiwanese foreign minister is due shortly in Japan, the first such visit since the two sides cut diplomatic ties in 1972, Reuter adds from Tokyo.

Gangsters add weight to boardroom coup

By Robert Thomson in Tokyo

JAPANESE police are investigating a boardroom coup at Joshin Denki, a leading electronics retailer, in which gangsters were apparently hired by one faction to force the resignation of the company's president.

Gangsters occasionally appear at shareholders' meetings to ask awkward questions and generally embarrass a company's board, but the Joshin Denki case has stirred controversy because of the close ties between gang members and executives at a retailer listed on the Tokyo stock exchange.

Police yesterday raided the Osaka headquarters of Joshin Denki and questioned the apparent victor in the boardroom showdown, Mrs Mitsuko Jogu, 54, widow of the company's founder and, for the past two years, Joshin's president.

Japanese media were fascinated by Mrs Jogu's apparent role as mastermind of the coup, while police wanted to know whether she personally authorised another executive to hire five gangsters in February 1990 to coerce the then president, Mr Seishi Mano, to resign.

For services rendered, the five gangsters, who reportedly cornered Mr Mano over his role in an unsuccessful property deal, received Y30m (£160,000) after his resignation in January last year. He had argued with the family over the direction of the company since taking office in May 1986.

The curious case comes as the Japanese government is considering reforms to the Commercial Code that would force listed companies to provide more information to shareholders and generally be more open in their dealings.

Mrs Jogu holds only 4.3 per cent of the company's shares, but apparently considered that it was still a family business and she was entitled to use whatever means necessary to force Mr Mano's resignation.

Militants' attacks on tourism lose the country up to \$700m so far

Egypt counts the cost of terrorism

MR Fouad Sultan, Egypt's tourism minister, said yesterday that Moslem militant attacks on foreign tourists had cost the country \$700m (£496m), Reuter reports from Cairo.

Despite tough security measures taken by the government to safeguard the country's main source of foreign currency, hoteliers and tourist operators say business is slack.

Mr Sultan said militant attacks, in which one British woman was killed and two Britons and five Germans were wounded late last year, caused a 20 per cent reduction in revenues compared with the same period the year before.

"Between \$60m and \$70m is lost in receipts each month. The losses have reached about \$700m so far," Mr Sultan said. "If that pace continues, the losses in the fiscal year 1992-93 [which ends in June] will reach about \$1bn."

He said that when calculating revenues based on government forecasts, the losses could be even more. Egypt had expected 4m visitors for the fiscal year 1992-93 and more than \$4bn in revenues.

Mr Sultan said in the year 1991-92 an estimated 3m tourists visited Egypt, generating \$3.5bn.

He said the tourism industry accounted for 30 per cent of Egypt's foreign currency receipts and 10 per cent of its gross domestic product.

Many people employed in the tourism business fear for their jobs.

The pyramids and ancient Pharaonic temples – Egypt's main tourist attractions – are virtually empty. Luxury hotels, tourist villages and Red Sea beaches are quiet. Egyptian hoteliers are nostalgic about the boom days. Boats and river cruisers lie idle along the banks of the Nile waiting for clients. Souvenir shops have everything except shoppers.

Mr Michael Shepherd, general manager of the Nile Hilton, said occupancy at his hotel was 65 per cent compared with a full occupancy last year.

"Tourism has been badly affected. We have lost 50 per cent of our tourism business... Things are deteriorating," he said. "The fear of tourists is exaggerated, but it is still an understandable fear. I don't blame them. They are targeting tourists."

The government has boosted security measures by assigning well-trained police troops to protect tourist spots and hotels. Secret police cars patrol the streets of tourist villages.

A spiral of violence in Gaza is 'forcing us all to be radicals'

Hugh Carnegy looks at the rubble of houses destroyed in a tough Israeli crackdown

MR Mohammed al-Rubi, his wife and six children were woken at 6am last Thursday by Israeli troops, who told them to leave their newly built home in Khan Younis in the Gaza Strip while it was searched.

Twelve hours later, when the family was allowed back to the house, it was an uninhabitable ruin.

While the al-Rubis spent the day locked up in a nearby building – the men bound and blindfolded – a squad of troops, supported by a helicopter, rocketed their home with anti-tank missiles, then entered it firing automatic rifles and finally blew it apart with explosives.

Much the same treatment was meted out to 18 other houses in the same block in a methodical operation that Palestinians, United Nations officials and human rights workers in Gaza describe as by far the biggest in a series of similar military attacks in recent months.

The operations have become the latest source of fury in Gaza, where the conflict between Israel and the Palestinians appears to be as profound now as at any time during the five years of the *intifada*, the uprising against Israeli rule.

Mounting casualties among Palestinian demonstrators, increased armed attacks on troops and the mass expulsion in December of hundreds of alleged Islamic militants to Lebanon – all taking place against a background of rising economic distress – have stoked the political temperature.

The deterioration in Gaza threatens to cut the ground from under Palestinian leaders wanting to resume peace negotiations with Israel just as Mr Warren Christopher, the US secretary of state, travels to the Middle East in an attempt to push forward the process.

When Mr Faisal Husseini, head of the Palestinian negotiating team, visited the scene of the Khan Younis operation on Saturday he was greeted with insults and slogans supporting Hamas, the militant Islamic movement which opposes both the Palestine Liberation Organisation and the talks.

The crowd's anger was understandable. Of the 19 houses attacked, 10 were rendered uninhabitable, leaving 18 families homeless out of 31 who lived in the block. Even those houses not completely destroyed suffered extensive damage. Troops riddled wardrobes, refrigerators, televisions, bathtubs, water tanks and phones with bullets. Many complained their cash savings and jewellery were missing, some burnt in fires which the troops refused to let local fire crews douse.

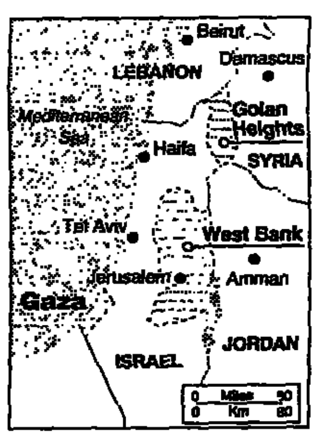
Mr al-Rubi had spent 35,000 Jordanian Dinars (£35,000) building and furnishing his house in the 15 months since he was expelled from Kuwait, his apartment there having been ransacked during the Iraqi occupation.

The army says the Khan Younis operation – and similar previous attacks – are aimed at rooting out gunmen from Hamas and PLO factions responsible for killing Israeli soldiers in recent months. But Palestinians say the scale of destruction, carried out with no legal order, amounts to collective punishment and intimidation.

Increased armed attacks on the army – five soldiers have been killed in Gaza since last October – have undoubtedly increased the nervousness of troops on the streets and their commanders, including Mr Yitzhak Rabin, the prime minister, who fears public reaction in Israel to such killings.

An Israeli border policeman stands by Dalia Elbez after she was stabbed in the head and stomach by an Arab attacker yesterday. A man died of his wounds and his father was hurt in the attack.

It seems one effect of this tension has been a tougher reaction to general unrest. Palestinian casualties have risen sharply in recent months, especially since the expulsions.



Figures from the Gaza Centre for Rights and Law show 15 people were killed by army gunfire from mid-July to mid-November, while 27 were killed in December and January. The number wounded rose from 713 in July-November to 911 in December-January, including 355 children under 16.

The army has denied allegations that it has relaxed regulations governing when soldiers can open fire on demonstrators. Mr Douglas Ierley of the Gaza Centre argues that whether or not this is true, troops have frequently resorted to live fire when their lives were not in danger.

The ferment in Gaza is fed by a depressing economic situation. According to UN figures, per capita gross national product has tumbled since the 1990-91 Gulf crisis from around \$1,200 (£844) a year to \$790 (£556).

The chief reason is the restriction on permits to work in Israel, long the main source of income for most of Gaza's 750,000 people.

Before the *intifada*, 80,000 Gazans worked in Israel; before the Gulf crisis the number had fallen to 60,000; now it is no more than 35,000.

Many people get by through subsistence-level street trading and small workshops. But unemployment is reckoned by UNWRA, the UN Palestinian refugees welfare agency, to be at 35-40 per cent of the workforce.

The population is growing at an alarming 4.5 per cent a year, one of the highest rates in the world in a place which is already a sink of squalor and overcrowding.

Islamic institutions – and Hamas in particular – have been able to exploit these conditions for political advantage.

Not only do they offer a radical solution to Gaza's otherwise hope-starved young people; they use their local networks to distribute welfare payments to poor, bereaved families and the families of prisoners.

Similar payments from the PLO have all but stopped since its funding from Gulf countries dried up after the Gulf crisis.

It is impossible to know the balance of public support in Gaza between the secular PLO on one side and Hamas and other Islamic groups such as Islamic Jihad.

But a Palestinian journalist who has over several years tracked elections in professional and academic institutions reckons that support for the Islamic groups may have grown from around 40 per cent to as much as 50 per cent.

PLO-affiliated leaders feel squeezed. Mr Saeb Erekat, a senior delegate to the peace talks, is from the West Bank but reflects the exposure all his colleagues feel. "I have never felt such weakness," he says. "We promised we would achieve something. Now people are banging on the table. It is payback time and I am empty-handed."

In Khan Younis, Mr al-Rubi put it another way as he stood in the rubble of his house. "I have no hope now. They are forcing us all to be radicals."

Chinese find growing affluence takes its toll as traffic snarls and road deaths mount

By Tony Walker in Beijing

ECONOMIC reforms may have brought spectacular material rewards to millions of Chinese, but growing affluence is also taking its toll – on the country's roads.

China reported 60,000 fatalities last year, an increase of 10 per cent on the year before, but the actual toll could be much higher, perhaps as many as 100,000 road deaths.

An official of the Traffic Control Department of the Ministry of Public Security said the official figure of 60,000 fatalities had "a lot of water in it" – a Chinese expression indicating that the official statistic under-estimated the gravity of the situation.

"The real figure can't be published because it's just too shocking," he said. "The internal estimate was 100,000 last year."

China's economic boom – the economy grew by a staggering 12 per cent in 1992 – has brought with it a flood of new vehicles on to the country's already congested roads.

Traffic jams are now the rule rather than the exception in many of China's cities. Beijing's traffic has become particularly heavy in the past year due in part to a surge of new joint ventures involving foreign participation.

According to a recent New China News Agency despatch, China, with a population of 1.1bn, had 6m cars, buses and trucks using its roads. But this official figure almost certainly understates vehicle numbers.

China's approach to road safety seems haphazard and limited resources appear to have been devoted to publicity campaigns. That may be about to change, as the cost to the community of road trauma dawns on the authorities. One indication of growing official concern is that two decades after most western countries introduced seat belt regulations, China is to follow suit. By July, new vehicles will be required to fit belts as standard equipment.

Vehicles already on the road will be required to conform or be deemed unroadworthy. Fines for non-use of seat belts will be five yuan (about 60 pence), a fairly derisory amount if the Chinese are indeed serious about improving road safety.

According to the spokesman for the Public Security Ministry's traffic department, some 70 per cent of road accidents occurred in country areas where ignorance of road safety and traffic rules tended to be greater.

The official blamed bad driving for most of the accidents. "The driving standards of Chinese motorists are very poor," he said. "They don't care about traffic rules. Once they get on the road they drive like crazy."

Mr Yang Jinyao, deputy principal of the Beijing Driver's Training School, said that in the capital drivers were subjected to a rigorous training schedule, but with the rapid increase of numbers of cars on the road it was inevitable the toll would rise.

He said Chinese drivers were certainly not as safety conscious as westerners. Drink-driving was also a main problem. He estimated that about one third of serious accidents involved a drunk driver.

As more and more Chinese take to the roads in motor vehicles, forsaking the push-bike that had transported them with relative safety for so many years, they are beginning to take out accident insurance.

But numbers availing themselves of this protection are still small, according to a representative of the People's Insurance Company of China. Third party insurance is compulsory.

Parties compete for crucial sugar belt backing in election

Canberra out to sweeten voters

By Kevin Brown in Sydney

AUSTRALIA'S conservative opposition parties reached deep into the pork barrel yesterday to shore up electoral support in the politically important sugar belt.

The sugar industry emerged as an issue in the March 13 federal election when the Labor government announced a three-year freeze on protective tariffs, which are being reduced for most other industries.

The freeze was designed to help Labor's prospects in seven marginal seats in Queensland and northern New South Wales, six of which are held by government MPs with majorities of less than 5 per cent.

In a counter-offer to sugar farmers, the conservative Liberal/National party coalition said it would go ahead with plans to abolish tariffs by the year 2000 but would set aside A\$145m (£67.7m) to compensate growers.

> The chairman of the canegrowers said there was 'very little difference' between the offers

The coalition said its plan would ensure that consumers and industries that use sugar would benefit from lower prices without reducing the incomes of sugar producers.

Mr John Hewson, the opposition leader in Canberra, said the package would maintain the integrity of the coalition's tariff reduction policy while ensuring that "the taxpayer picks up the tab for only a limited period of time".

Mr Harry Bonano, the chairman of the Queensland canegrowers' association, said there was "very little difference" between the competing offers.

Ironically, sugar production is one of Australia's most efficient industries, mainly because growers export about 80 per cent of production at world prices.

But the conservative package will give a further boost to the coalition, which believes its electoral momentum is increasing after Mr Hewson's strong performance in a televised debate on Sunday.

The coalition also threw the government on the defensive by challenging claims by Mr Paul Keating, the prime minister, that Labor would eliminate the federal budget deficit by 1996-97.

The undertaking contrasted sharply with Mr Keating's economic statement last week, which forecast a budget deficit equivalent to one per cent of gross domestic product in 1996-97.

Los Angeles repairs fabric but fails to heal wounds

By George Graham in Los Angeles

LOS ANGELES has wasted no time sweeping away the debris of the riots that racked the city nine months ago, leaving 42 dead and $1bn worth of damage.

On almost every corner of Crenshaw Boulevard, running through a predominantly black district west of the city centre, shops were looted and burned during last spring's rioting. Today, many have reopened in newly constructed or refurbished premises. Other buildings are under construction, and even those plots where nothing is being done are tidied and neatly fenced.

Many in Los Angeles express concern, however, that little has changed in their city, and also frustration that government at city, state and federal level has failed to respond to the challenge posed by riots on the scale seen last year.

"The Los Angeles riots were supposed to be a wake-up call. I am beginning to be afraid that people have put it on snooze control," says Ms Dolly Gee, a labour lawyer active in the Asian-American community.

Many Angelenos acknowledge a degree of tension as a second trial gets under way for the police officers whose acquittal last year on charges of assaulting Mr Rodney King sparked off the rioting, and the first cases resulting from the riots themselves also come to court.

Relations between the city's African-American, Anglo, Latino and Asian-American communities are still often tense, with particular friction between blacks and Korean grocery store owners, who bore the brunt of last year's destruction.

But there is also considerable irritation at a media portrait of inner Los Angeles as a powder keg waiting to explode once again as soon as the verdicts are returned in the police beating case, tried this time in a federal court.

"I am not prepared to say that tensions are rising. In fact, I think that generally speaking when you do have a riot a lot of energy is ventilated, and maybe you are not going to have a riot again in the same place," says the Reverend James Lawson, pastor of the Holman United Methodist Church.

The verdict in the second King trial, whether guilty or innocent, is unlikely to be greeted with as much surprise as the first acquittal, which appeared to fly in the face of the clear evidence of a videotape of the incident widely shown on television.

However, many blacks in Los Angeles resent what they see as the contrast between the leniency accorded the police, and the much harsher treatment of the black youths accused of beating a white lorry driver during the riots whose trial is also getting under way.

Many Angelenos, ordinary citizens as well as community activists and businessmen, express growing frustration at the lack of political leaders with any kind of vision, beyond short-term riot prevention, for a new Los Angeles equipped to deal with its variegated patterns of wealth, poverty, race and culture.

"We do feel government shouldn't abdicate its role, and to some extent it has," said Mr Barry Sanders, a senior partner with the law firm of Latham & Watkins and co-chair of Rebuild LA, a task force set up in the wake of the riots to try to bring economic development back to the city's more depressed areas.

With no fewer than 52 candidates scrambling to take the place of retiring Mayor Tom Bradley, that vacuum seems unlikely to be filled in the near future.

Cardenas comes back from the brink

Damian Fraser reports on a renewed attempt to gain the Mexican presidency by a candidate who came very close last time in 1988

FIVE YEARS after losing the Mexican presidential election to Mr Carlos Salinas de Gortari, Mr Cuauhtemoc Cardenas continues to cast a spell over the nation's politics. Son of the revered President Lazaro Cardenas and named after the last Aztec king, he embodies for much of the country the nationalist past that the present government is leaving behind.

Mr Cardenas has now announced his candidacy for next year's presidential election, and is once again the most serious threat to the governing Institutional Revolutionary Party (PRI). No other government or opposition politician is as well-known (except for President Salinas, who is barred by the constitution from running again) and few can match his rapport with the poor and urban left.

Such qualities brought him to the brink of victory in the disputed elections of 1988. Many observers, and Mr Cardenas himself, claim he would have won had the voting been clean. Soon after Mr Salinas's victory, Mr Cardenas declared that there had been a "technical coup d'etat" – but in the end he backed away from violent protests that could have engulfed the country.

Mr Cardenas's early declaration gives him 18 months to build the sort of grass-roots support he enjoyed in 1988 – and a significant head start over other contenders. The PRI candidate is not expected to be announced until late this year or early next.

There are other factors in his favour. As Mr Cardenas says: "Many more people now in Mexico are conscious that things can change because of an election." In the past five years, the PRI has lost two governorships, and conceded a third after a disputed election – the first time it has ever lost such elections. The government is also under growing domestic and international pressure to respect the vote.

Few doubt, however, that Mr Cardenas faces an uphill task. His newly-formed Party of Democratic Revolution (PRD) has been beset by internal divisions, while its aggressive, confrontational style has cost it support, and undermined its claim to be a party for democracy. In a crucial test of popularity, the PRD failed last year to win the gubernatorial election in Michoacan, Mr Cardenas's home state. Nationally, its popularity is put at a mere 10-15 per cent.

The PRI, for its part, has recovered much of its natural support, thanks to a steady, if unspectacular, improvement in the economy. Inflation, which had reached 160 per cent a year in 1987, is likely fall to single digits next month, and per capita economic growth has been positive for the past four years. Mr Salinas's energetic travels around the country in support of his $3bn-a-year anti-poverty programme have further helped his government.

But Mr Cardenas was also written off six years ago, before gaining momentum in the last stages of the campaign. He is already distancing himself from the PRD, and pointedly described himself as the "citizen's candidate" when announcing his bid for the Mexican presidency. This week, he will resign as PRD president to give himself freedom to define his candidacy as he wishes.

He has also matured in the past five years. He has gone out of his way to present himself as a reasonable, cautious politician, rather than the demon conjured up by government propaganda. He has dined with important businessmen, encouraged disaffected opposition leaders from the centre-right Party of National Action to join his movement, and even suggested he would withdraw his candidacy if a strong consensus candidate emerged from the opposition.

There has also been a change in Mr Cardenas's views. "He now realises that Mexico's economic limitations mean social programmes have to be modest and that a good relationship between Mexico and the US is crucial to the financial sustainability of his programme," says Mr Adolfo Aguilar, a close friend and adviser.

Mr Cardenas says that while he would try to improve the proposed North American Free Trade Agreement, he would not reject it. Nor, say advisers, would he restrict foreign investment, renationalise industries privatised by Mr Salinas, or deliberately endanger the macro-economic stability so painfully acquired over the past decade.

His ideas for economic reform are not yet specific. Aides talk vaguely about selective protectionism, subsidies to medium-sized and small industries, reactivation of the internal economy, and greater social justice, but with little sense of priorities. As Mr Aguilar says: "There is still no clear economic programme".

Mr Cardenas will focus part of his campaign on the lack of democratic change in Mexico – what he sees as the continuing intrusion of the governing party in all walks of life, the biased coverage it receives on national television, and its control of electoral and other nominally independent organisations. In this way, he hopes to build up a strong base of support from the politically active middle-class, even from those who might not agree with his views on the economy.

But, coming from a man who spent 20 years in the PRI, such attacks often lack credibility. And even if he overcomes all his other handicaps, these very conditions will make it difficult for him to wrest power from the PRI, just as they did in the far more favourable circumstances of 1988.

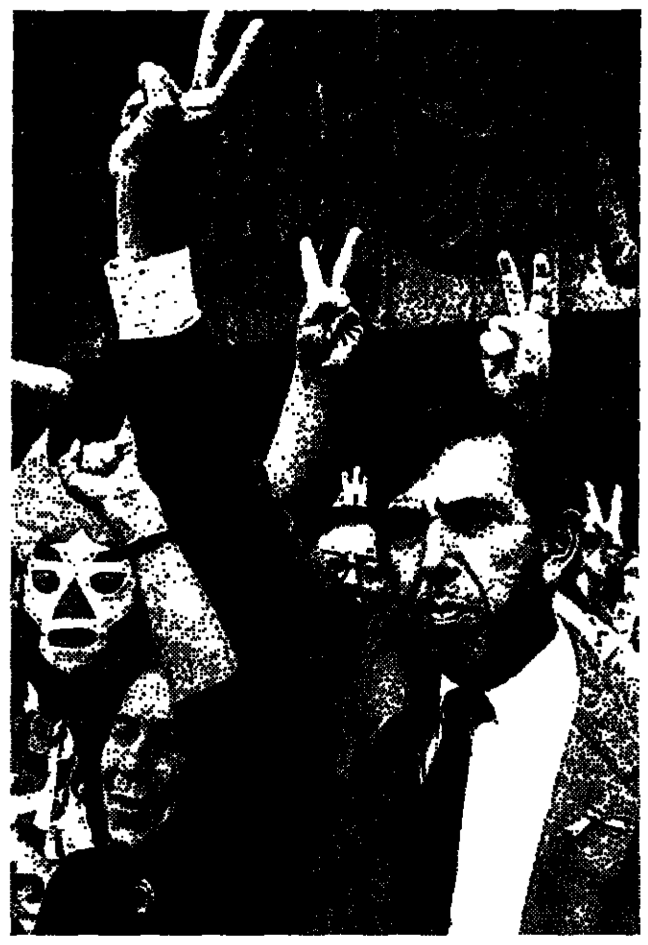
MEXICO'S new attorney-general, Mr Jorge Carpizo, is under growing pressure to make early arrests following the gunning down of 24 men of the Peña family in the state of Guerrero last week, writes Damian Fraser.

The state's public prosecutor has named 18 of 30 suspects thought responsible for the massacre in the town of Tlacotepec and is investigating motives including competition over drug-trafficking, revenge between families, or a combination of the two.

The men were killed, allegedly by a rival local clan, after attending the funeral of three other members of their family. The scale of the crime, even by the violent standards of Guerrero, has shocked Mexican opinion.

The region of Tlacotepec is well-known for its bountiful crops of heroin poppies and marijuana, the mainstay of the otherwise impoverished local economy.

Mr Carpizo has been ordered to crack down on drug-trafficking in an effort by the government to limit politically embarrassing incidents, such as that at Tlacotepec, usually associated with it. Over the weekend Mr Carpizo took some steps in this direction, arresting a former under-director of federal police, for alleged corruption. Another 22 senior or medium level officials from the judicial police are also being investigated.



Mr Cuauhtemoc Cardenas with supporters during the 1988 presidential election when victory seemed within his grasp

Centre of Bogotá rocked by bombs

By Sarita Kendall in Bogotá

TWO 50kg car bombs exploded in the centre of Bogotá yesterday morning leaving at least four people dead and more than 100 injured. Both bombs went off in narrow, busy streets among shops and offices, causing panic in the Colombian capital.

The blasts damaged buildings and shattered glass for several blocks around, and the streets were strewn with the burnt-out wreckage of some 20 cars. Windows were blown out of one of Bogotá's main hotels, the Intercontinental-Tequendama.

A Reuter reporter at the scene of the hotel blast said: "People were trying to leap from the upper floors of buildings after the blast to escape the fires. It was total chaos."

No one immediately claimed responsibility for the attacks but the government has accused the fugitive Medellín cocaine cartel leader Pablo Escobar of leading a campaign of terror against the state. Over the last two and a half weeks car bombs have exploded in Medellín, Bogotá and the oil city of Barrancabermeja, killing 37 people.

However, the two Medellín bombs were aimed at Mr Escobar's relatives and properties, and were apparently detonated by a new anti-Escobar group called the "Pepes" – people persecuted by Pablo Escobar.

The authorities have increased the reward offered for information about Mr Escobar to $7m. At the same time, the Pepes have killed several of Mr Escobar's collaborators and employees in Medellín.

After Mr Escobar's escape from jail last July, he was expected to re-surrender quickly, but this now seems unlikely. However, some interpret the new wave of bombs as a last-ditch attempt to force the government to bow to new conditions. The government has said any negotiations would be impossible and Mr Escobar's only option is unconditional surrender.

NEWS: WORLD TRADE

Czech plea to Slovakia on trade decline

By Patrick Blum in Prague

A SHARP decline in bilateral trade between the Czech Republic and Slovakia could damage the two countries' prospects unless it is halted, Mr Karel Dyba, Czech minister for the economy, says.

"The Czech Republic has a high export ratio and its (economy) is very dependent on exports. Less exports mean less orders and possibly less jobs. We have a mutual interest (with Slovakia) to maintain a profitable trade relationship," Mr Dyba says.

Czech exports to Slovakia and Slovak exports to the Czech Republic fell by 17 per cent and 20 per cent respectively in 1992, following an already sharp fall the previous year as both countries suffered from the collapse of traditional markets in the former Comecon trade bloc.

Business between the two countries has also been hit by the break-up of the former Czechoslovak state on January 1 this year.

New customs and tax regulations, and an earlier-than-planned end to the currency union between the two states with the establishment of separate currencies have compounded difficulties for many companies on both sides of the border.

Several Czech and international companies are considering setting up subsidiaries in Slovakia to overcome cumbersome bureaucratic customs procedures, and some companies threaten to stop selling to or importing from Slovakia altogether.

About 25 per cent of total Czech exports go to Slovakia, while 40 per cent of Slovak exports go to the Czech republic. Last year Czech exports to Slovakia were worth about Kcs100bn (£2.38bn) and Slovak exports to the Czech Republic about Kcs90bn.

Italian group signs Russia ovens venture

RUSSIA'S programme to convert state-owned industries and produce more consumer goods has moved forward with an agreement between De Longhi, the Italian white goods group, and SPA Impuls of St Petersburg to make microwave and electric ovens, **Haig Simonian** writes from Milan.

The deal, worth $43m (£30m) a year for the next seven years, involves a licensing agreement to use the De Longhi name on 500,000 conventional electric and microwave ovens a year to be sold in Russia and other members of the Commonwealth of Independent States.

The agreement follows a decision by the Russian authorities to diversify the activities of SPA Impuls, which makes computer hardware and software, into consumer goods. De Longhi is to provide know-how for designing, planning and building production lines.

The latest deal marks the third co-operation contract in Russia by De Longhi, which had sales of L650bn (£295m) last year.

● Ansaldo, the Italian public-sector engineering company which is part of the IRI state holding group, has won a L193bn contract to supply equipment for a new hydro-electric power station in Ecuador.

The group's Ansaldo-Gie subsidiary will supply turbines, generators and transformers for a generating plant at Daule Peripa.

Shanghai sees new company 'every 11 minutes'

By Tony Walker in Beijing

IN Shanghai, China's most populous city and home to a remarkable economic boom, a new company is being established every 11 minutes, according to local press reports.

Beijing is also a hive of new activity with an average of 106 companies being registered each day in 1992, the Beijing Daily reports.

These registrations are mainly for small home-grown enterprises with limited foreign involvement, but the figures reveal, nevertheless, an astonishing overall trend.

In 1992, according to official statistics, foreign investment in China quadrupled. The number of new foreign investment projects last year exceeded 40,000, equivalent to the total of the previous 13 years.

The contracted value in 1992 of newly approved foreign direct investment was $57.51bn (£40bn), up 380 per cent on 1991. The realised amount of foreign investment was $11.16bn, up 160 per cent, with Hong Kong supplying about two-thirds of the funds.

Chinese investment overseas also increased last year. Some 2,600 enterprises were set up in more than 120 countries with Chinese investment of $1.94bn.

According to a World Bank report, Reform and the role of the Plan in the 1990s, China is the "destination for about 15 per cent of all direct foreign investment in low and middle-income countries, and is exceeded in Asia only by Singapore".

Fixed asset investment grew by about 30 per cent in China in 1992.

China leaps towards top 10 traders

Tony Walker looks at the pressures accompanying rapid export growth

CHINA this year is expected to enter the "top ten" of the world's trading nations, leapfrogging Taiwan and South Korea in the process. But China's extraordinary export growth is also bringing increased pressures for liberalisation and improved access to its markets.

Sensitive to these pressures, emanating mainly from the US, whose trade deficit with China in 1992 reached $18bn, Chinese officials have promised to quicken the pace of reform. One of China's main aims is to rejoin the General Agreement on Tariffs and Trade as soon as practicable, perhaps this year.

The Chinese see early Gatt membership as one way of dealing with bilateral pressures from its main trading partners – the US, Japan and Germany – all of which are restive about their yawning trade gaps with China.

China's powerful Ministry of Foreign Economic Relations and Trade will be monitoring trade signals from the new Clinton administration, expected to be less tolerant of the imbalance than its predecessor. Congress has also signalled a growing restiveness on the China trade issue.

An early indication of the state of China-US trade relations is likely to come in the next few weeks when officials of the office of the Special Trade Representative – the first high-level Clinton team to come to Beijing – sit down to discuss Gatt-related issues.

The US officials are certain to press their Chinese counterparts to speed liberalisation in line with the US-China market agreement reached last October. Under this, Beijing agreed over the next few years to remove about 75 per cent of its non-tariff barriers on a global Most Favoured Nation (MFN) basis.

US trade representatives are also reporting that China is making a special effort to discuss new projects. After the lull that followed the 1989 Tiananmen episode, American businessmen have been returning to China with "zest", according to a US official.

But the larger deals in the petrochemical, power and transport sectors will take time to bring to fruition. In the meantime, the Chinese continue rapidly to expand and improve the range and the quality of their exports.

Progress made by China in the past decade is impressive. A decade ago, China ranked 20th as a world trader. Then exports of $18bn represented 4 per cent of Gross Domestic Product (GDP) and less than one per cent of world trade. Projected exports this year of $100bn would represent 20 per cent of China's GDP and more than 2.5 per cent of world trade.

The growing sophistication of Chinese products is also reflected in the shift towards exports of manufactured items from 50 per cent in 1980 to 80 per cent last year. While China's success owes much to cheap labour costs – textiles and footwear accounted for one third of 1992's $85bn in exports – exports of machinery, electronic products and transport equipment are the fastest growing areas.

High foreign investment in capital intensive areas spawned an increase of about 86 per cent in exports of machinery and transport equipment in the first nine months of 1992, compared with 1991. Trade in these items accounted for 16 per cent of exports last year, compared with just 6 per cent in 1988.

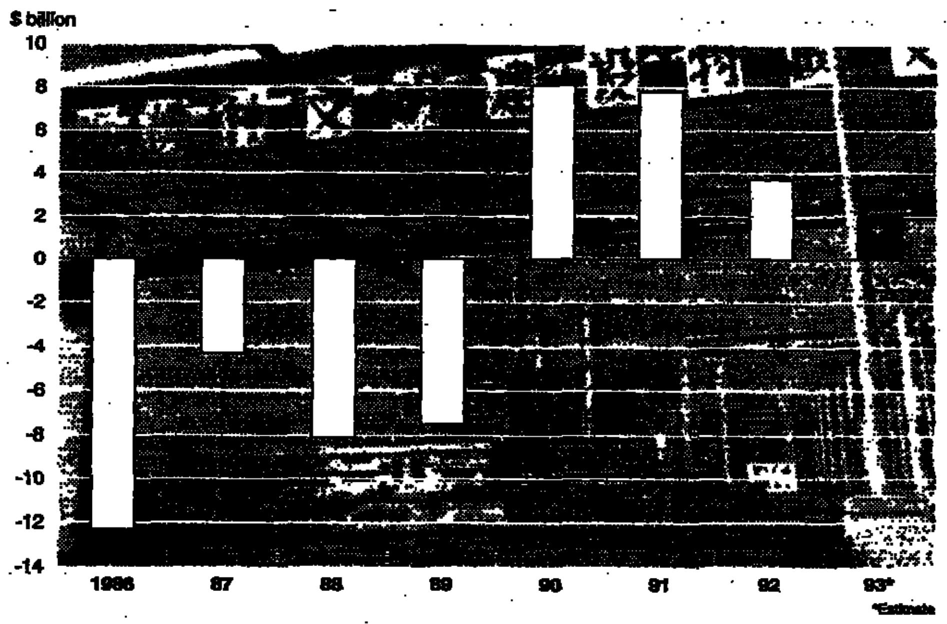
The contribution to China's booming trade in 1992 of Special Economic Zones and coastal cities opened to foreign investment was also notable. Industrial output in these areas increased by 72 per cent in the first half of 1992 compared with 1991, and the bulk of this was directed towards exports.

In their difficult discussions with representatives of their main trading partners, Chinese officials are certain to point out that in spite of China's export boom, the country is also coping with a surge in imports. Imports are expected to grow by 19 per cent this year to $96bn, compared with projected growth in exports of 16 per cent to around $98.5bn.

Western trade officials say the Chinese are becoming more concerned about their shrinking trade surplus, down to $4.4bn last year, and its impact on the country's reserves. Curbing import growth is certain to be linked to problems associated with an overheating economy, which registered 12 per cent growth last year, and a risk of inflation.

However, curbs on imports would run counter to Chinese undertakings to further liberalise its trade regime in preparation for its re-entry to Gatt.

China: trade balance



Japan and China have agreed to start bilateral negotiations on tariffs on Japanese goods, to help Beijing's re-entry into the General Agreement on Tariffs and Trade (Gatt), a Foreign Ministry official said, Reuter reports from Tokyo.

This is the first time China will have such negotiations with a G7 country, the official said. Date for the talks is not yet fixed. Officials from the two governments met in Beijing over the weekend for a regular two-day meeting to exchange views on bilateral trade issues.

UAE signs radar deal with US

THE United Arab Emirates yesterday said it would buy an automated communications, command and control air defence system worth about $300m (£210m) from Westinghouse of the US, Reuter reports from Abu Dhabi. The deal was announced at a five-day International Defence Exhibition in Abu Dhabi.

The land-based static system will comprise several radars controlled from a central location, a defence official said.

A US defence official said the UAE would take delivery of the new system "almost immediately".

German venture for Japanese

Hitachi Seiki, one of Japan's leading machine tool manufacturers, has announced a joint venture in Germany with Klöckner, the general trading house, **Michiyo Nakamoto** reports from Tokyo.

The Japanese company, which has been selling in the EC through a wholly owned subsidiary, and Klöckner are setting up Hitachi Seiki Deutschland Werkzeugmaschinen in Krefeld, west Germany. The move will enable Hitachi to bypass voluntary restrictions on exports of machine tools to the EC, which Japan has agreed with the Community.

Hyundai wins oil contract

Hyundai of Korea has won a C$100m (£55m) contract to build two super modules for the Hibernia offshore oil platform, **Robert Gibbens** writes from Montreal.

One will house production equipment and the other crew quarters. Contracts for two other modules will be awarded later this year. The 110,000 barrels a day Hibernia project off Newfoundland is due onstream in 1997.

● Webb Zerafa Menkes Housden, one of Canada's best known firms of architects, will design Shanghai's C$100m 40-storey stock exchange building.

US lawyer acquitted as final Guinness trial ends

By John Mason, Law Courts Correspondent

THE FINAL Guinness trial ended yesterday when Mr Thomas Ward, the US lawyer who advised the company on its 1986 takeover of Distillers, was acquitted at the Old Bailey of the theft of £5.2m from the drinks giant.

After the five week trial, the jury took just six-and-a-half hours to reach its unanimous verdict of not guilty.

In stark contrast to the highly publicised spectacle of the first Guinness trial, the verdict was delivered to an almost empty courtroom. Nobody was in the public gallery and just a handful of reporters were present.

Mr Ward, standing in the dock, reacted by calling across the court room to the jury "Thank God – thank you all".

Afterwards, he criticised his prosecution as "misconceived" and insisted he had no regrets about his role in the infamous takeover. "I regret what has happened, but I don't regret the contribution I made to Guinness," he said.

He then indicated his intention of resuming his career as a corporate lawyer in the US.

The verdict marks a disappointing end for the Serious Fraud Office for which the series of Guinness prosecutions was its first major challenge.

The first trial resulted in total success with the jailing of Mr Ernest Saunders, the company's former chief executive, Mr Gerald Ronson, the Heron chairman, Sir Jack Lyons the financier and the stockbroker Mr Anthony Parnes, but has been followed by failure at every successive turn.

Mr Ward, however, is the only defendant in the Guinness trials to be acquitted by a jury. The second trial – of Mr Roger Seelig, the merchant banker and Lord Spens, the corporate financier – collapsed before it reached the jury for a verdict.

After yesterday's verdict, the trial judge, Mr Justice Turner told the jury: "In my respectful opinion, you have done as much as any jury could in this case".

They would be excused serving on a jury again for 10 years, he told them.

The judge then said he would use today's hearing, to decide costs issues, to make some further comments about the handling of complex fraud trials.

Mr Seelig yesterday condemned the system for fraud hearings.

"What must be fundamentally wrong is the length of time it has taken to bring it all to a conclusion. To take seven years over a regulatory matter of this instance may have been politically necessary at the time, but it cannot be a sensible way of tackling it."

His trial on fraud and false accounting charges was abandoned after he broke down due to the stress of conducting his own defence. Further charges were dropped.

Mr Saunders, his former co-defendant, has also been fiercely critical of the roles played by his prosecutors and the Department of Trade and Industry.

He is preparing to launch a legal action in the European Court, effectively asking for a judicial review of the roles of the DTI, SFO and other legal processes brought against those accused of serious fraud.

Since his release from Ford open prison, Mr Saunders has earned his living as an independent business consultant.

He lectures on the problems facing businessmen whose conduct comes under question, and has given evidence to legal bodies.

It was a clearly relieved Mr Thomas Ward who left the Old Bailey yesterday, acquitted of the single charge of stealing £5.2m from Guinness.

Afterwards, he remained unrepentant about his role in the infamous takeover of Distillers. "Not one Guinness shareholder and not one Guinness director came here and suggested I did anything wrong," he told reporters. "I regret what has happened, but I don't regret the contributions I made to Guinness. I regret the fact that a number of good people have been hurt by a totally misplaced prosecution."

He signalled his intention to return to work in Washington DC. "I will continue to practice law. It has not always been easy, but I have had great clients throughout this. I will continue to consult with international businesses in creating more good companies for shareholders".

His solicitor, Mr Harvey Rands of Memery Crystal, criticised the prosecution for alleging criminality instead of non-compliance with regulatory requirements and business standards. "Who were the victims?" he asked. "Not Guinness or Distillers shareholders whose fortunes have quadrupled at the highest point on the market. It seems that Britain's capacity to regulate and understand its own market place has taken the biggest knock, followed closely behind by the public purse that has carried the cost of a misconceived prosecution."

'Serious' leak at N-plant was 'within safe limits'

By Bronwen Maddox, Environment Correspondent

A RADIATION leak at the Sellafield nuclear site last week, the first since 1986, was described yesterday as "serious" by the government, although it said that radioactivity levels were "well within safety limits".

Since last Wednesday one of the main chimneys on British Nuclear Fuel's site in Cumbria, north west England, had discharged more than five times the amount of radioactivity that it normally discharged in a whole year, environment minister Mr David Maclean told the House of Commons.

He said a full investigation by the pollution and nuclear installations inspectorates and the agriculture ministry was underway and the results would be published. He also told the Commons that "On the basis of pessimistic estimates, the increase in dose to the public close to the plant is approximately 10 micro sieverts – the annual average dose in the UK is 2,500 micro sieverts".

He added, however, that the release of 1,000 megabecquerels of radioactivity was less than a quarter of the site's current authorised limits of 4,300 MBq a year. BNF said last night monitoring since the weekend showed discharges had fallen to 20MBq a day.

The leak comes at a sensitive time for BNF which is waiting for the pollution inspectorate to approve new discharge limits, including those for BNF's controversial new Thorp reprocessing plant. Last week's discharges would have breached the terms of the proposed new licence by around 50 per cent, according to Liberal Democrat environment spokesman Simon Hughes.

BNF was still unclear last night about the cause of the leak in Building 203, a disused plant for reprocessing nuclear fuel. Particles of alpha radiation escaped through a ventilation system to the central chimney stack on Building 204 at the heart of the site.

BNF discovered levels of alpha radiation had risen last Thursday when the monitoring device attached to the chimney stack was removed.

Mr Maclean said yesterday he was concerned about the time it took for the incident to to be reported to the inspectorates, which were not told until 4pm on Friday.

Dr Jack Cunningham, the Labour foreign affairs spokesman whose constituency covers the plant, said: "It is unacceptable that one quarter of the annual authorisation of particular radio nucleids should be discharged in just a 24-hour period."

He complained that he had not been told of the incident when he visited the plant with Labour frontbencher Dr Lewis Moonie on Thursday and Friday of last week. BNF said that they sent him a facsimile late on Friday.

Greenpeace, the campaign group, said yesterday "if this is how BNF behave under the existing licences, how can we trust them under the new ones?" BNF, however, dismissed the attacks from environmentalists as "scaremongering".

Hopes grow for revival in consumer demand

By Peter Norman, Economics Editor

HOPES of a revival in UK consumer demand have been given a boost by the latest distributive trades survey from the Confederation of British Industry.

The survey, released today, found that Britain's retail, wholesale and motor trades increased volume sales in January compared with a year ago at a faster rate than expected. According to the CBI, the distributive trades increased their sales slightly last month compared with December.

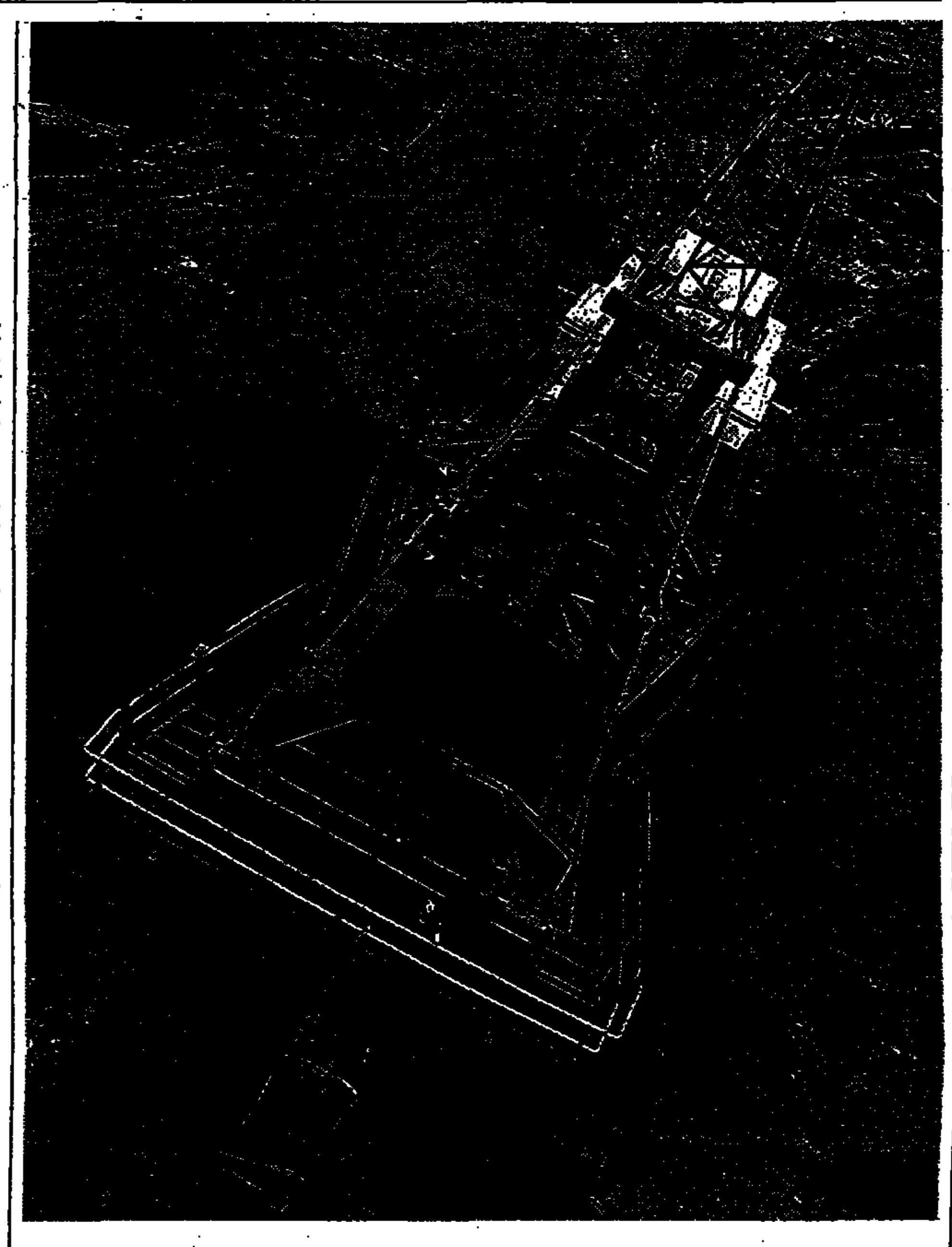
If the CBI's findings are backed by signs of recovery in December's industrial production figures, due out today, and by tomorrow's official January retail sales figures, Mr Norman Lamont, the chancellor, will be able to frame his Budget on March 16 with greater confidence that the UK economy is moving out of recession.

The CBI survey, which polled companies with 15,000 outlets in retailing, wholesaling and the motor trades, found that retailers in January experienced their strongest increase in sales on an annual basis since May last year. Wholesalers reported higher sales compared with a year ago after three consecutive months of decline, while motor traders reported their strongest year-on-year increase in sales for four years.

Motor traders and wholesalers said they expected a further strong increase in sales this month, with motor traders reporting that their stocks are less than adequate to meet expected demand.

However, Mr Nigel Whittaker, chairman of the CBI's distributive trades panel, warned that it was too early to be sure that the recovery in consumer spending is sustainable. "Despite the overall improvement in retail sales, the picture is still very mixed across different sectors."

Mr Whittaker warned that recovery remained fragile. "Given the levels of consumer debt and the continuing rise in unemployment, it is too early to be sure we are seeing a sustainable recovery in consumer spending. The survey indicated that sales volumes still remain below what retailers would consider normal for the time of year," he said.



Strike threat at Peugeot Talbot plant

By Diane Summers, Labour Staff

CAR WORKERS at Peugeot Talbot in Coventry have been called out on strike from next Monday over pay and conditions, unions said yesterday.

The 3,500 manual workers at the company's main plant last week rejected a two-year pay offer involving a 3.5 per cent increase this year, and the greater of a 3.5 per cent or inflation increase in 1994.

The workforce voted last week by 2,300 to 859 in favour of a strike, said the TGWU general union. The strike announcement followed the breakdown of talks with management, said union officials.

Mr Tony Woodley, TGWU national motor industry secretary and leader of the Peugeot Talbot manual workers, said unions had been seeking a package which included a guarantee of job security.

Peugeot Talbot said yesterday it did not want to comment on the threatened strike and that no further talks with unions were scheduled.

Leyland Daf buy-out proposal wins support

By John Griffiths and Diane Summers

MANAGERS seeking a buy-out of the Leyland Daf van operation at Birmingham indicated last night that at least one significant component supplier had indicated its willingness to resume supplies, opening the way to resumed limited production later this week.

At the same time it was confirmed that accountants Coopers & Lybrand would advise the managers on their buy-out bid.

Coopers & Lybrand said the management team, led by managing director Mr Allen Amery, had already started to develop a business strategy. Coopers' initial task would be to help produce a "robust" plan and secure the necessary investment funds for the buy-out to proceed.

Mr Ken Ogilvie, the Coopers partner responsible for the project, said that "we believe the Allen Amey management team is in a strong to position to secure the future of the plant", which is still employing nearly 1,400 people at the Washwood Heath, Birmingham, plant.

Some of the company's biggest customers, including the Royal Mail and Parcelforce, confirmed their intention not to cancel orders for several thousand vans while any reasonable prospect of a rescue remained.

National and local union officials also decided at a meeting in Birmingham yesterday to back any management buy-out and to continue campaigning to keep all the plants open.

There was a narrow vote against industrial action. This followed a vote last week at Leyland, Lancashire, which was heavily against a strike.

Production workers at the Albion factory in Glasgow have balloted in favour of industrial action but will not now go ahead with any action. Mr John Carty, Glasgow district secretary of the AEEU electrical and engineering union said: "We are not going on strike. What was hoped was that other plants would join us in a national type of action throughout Leyland DAF."

Government plans to dig in against opencast mines

Michael Smith on a draft solution to the coal crisis

IMAGINE THE reaction of shareholders and bankers if a private-sector company cut the most profitable part of its business to concentrate on a production area which had less chance of success.

But that is what the government wants British Coal to do, even as it prepares it for privatisation. In its efforts to dig itself out of the problems sparked by the closure programme of deep-mined pits, the government plans to tell the corporation to reduce its highly profitable opencast operations to make room for less financially rewarding, but more politically sensitive, deep mines.

The proposal, in the draft of the policy document on the future of coal reported in the Financial Times last Thursday, has caused deep concern at British Coal and at dozens of private-sector companies which are involved in opencast mining.

One British Coal executive asked: "How are we expected to bring our prices down to world levels if the government takes away the best parts of our business?"

In strictly financial terms the case against cutting opencast output is impeccable. Last year the opencast operation contributed £171m to British Coal's total operating profits of £361m, even though it mined only 16m tonnes of coal, less than a fifth of the corporation's output.

The easier access of opencast coal makes it much cheaper to extract – production costs last year were about £31 a tonne, £10 cheaper than for deep-mine coal. This means that if the government ordered British Coal to replace 4m tonnes of opencast product with deep-mine coal, then overall profitability would fall by about £40m a year.

British Coal could undoubtedly withstand a reduction of £40m-plus in its annual profits. Last year overall profits were £170m and significant growth is expected, even in this troubled year. But the reduction in profits would add to the government's problems of a growing public-sector borrowing requirement.

If the government were to restrict opencast mining by stricter planning controls, as seems likely, then private-sector mining companies such as RJB Mining and NSM would suffer.

Civil engineering contractors, which provide the equipment and most of the labour for opencast mining, would also be hit.

Mr John Chance, chairman of Wimpey Mining which, with subsidiaries of Taylor Woodrow and Amec, is among the main contractors, said: "We would be looking for compensation. Contractors have £1bn worth of plant employed in opencast and the majority is specialised and cannot be used in other industries.

"Each 1m tonnes of opencast provides employment for about 1,000 people, many of them in areas which were formerly mining communities."

However, there are powerful factors pressing on the government to cut opencast mining.

A reduction could be portrayed as a concession to environmentalists who have long complained about the dust, noise and scars on the landscape associated with opencast mining. But while environmental considerations could provide the public reason for cutting opencast mining, the more pressing need is political.

The attraction of cutting opencast mining is that, because of planning permission considerations, it would start to have an effect only in the latter years of the five-year subsidy which the government is planning to implement.

Most of the other measures in the white paper would increase demand in the early years but would have less effect later. This means that, in spite of the intensive lobbying it faces from British Coal engineering contractors, the government might find reducing the output from opencast mining impossible to resist.

Brokers profit from ERM withdrawal

By Richard Waters and Sara Webb

STERLING'S ejection from the European exchange rate mechanism and the UK's deteriorating fiscal position have boosted the profits of brokers and dealers in the City in recent months, according to figures released yesterday.

Gilt-edged market makers – the band of specialists who deal in UK government debt – made record profits in 1992, while brokers and dealers in the equity market returned to profit by the end of the year after their worst losses for nearly three years.

According to an article in the latest Bank of England Quarterly Bulletin, to be published today, gilts market makers made post-tax profits of £65m between them last year, their best results since the Big Bang reforms which reshaped the market in 1986.

This was up from the £49m of 1991, though the profits are still dwarfed by the £190m of losses that gilts specialists incurred in 1988 and 1989.

The government's heavy borrowing has helped to breath life back into the market, which looked doomed to a future as a quiet backwater of the financial markets as the UK began to pay off its public debt in the 1980s. Trading in gilts jumped last year to £4.9bn a day, up from £4.4bn a day in 1991.

Some houses are also thought to have made good trading profits from two rallies in the gilt market - one prompted by the Conservatives' election victory in April, and the other sparked by sterling's departure from the European exchange rate mechanism on September 16. These were balanced by the reversal when Danish voters refused to ratify the Maastricht treaty.

Barclays de Zoete Wedd, the securities arm of the UK clearing bank, is thought to have performed strongly again last year, having been the most profitable gilts house in 1991 with £25.7m. Greenwell, owned by Hongkong Bank and another of the leading group of gilts firms, is also thought to have done well, after seeing its profits slip to £3.5m the year before.

Members of London Stock Exchange, meanwhile, are estimated to have made £24m in the final three months of last year – a poor return on their £4.5bn of capital, but a sharp improvement after pre-tax losses of £126m in the previous quarter. The flow of rights issues so far this year and continuing buoyancy in the equity market means that profits are likely to rise further.

Britain in brief

Tension rises between BA and Virgin

Talks between British Airways and Virgin Atlantic ran into further problems when Virgin renewed its threat to take further legal action against BA.

Virgin said that after two weeks of negotiations, the two sides were "back to the drawing board" in their efforts to settle their dispute over BA's "dirty tricks" campaign against Virgin. The long-haul carrier is seeking a cash offer from BA for the "serious commercial damage" it claims to have suffered as a result of the campaign.

Relations between the two sides deteriorated following the disclosure at the weekend of a letter from Mr Robert Ayling, BA's new managing director, to Virgin, setting out proposals to settle the dispute. Virgin said the terms set out by Mr Ayling were unacceptable to Virgin.

Consultation on hospitals

Government plans for slimming down London's hospitals, to be announced today, will be tempered by promises from ministers of lengthy consultations before any units are finally closed.

Mrs Virginia Bottomley, health secretary, will set out in a Commons statement the government's response to Sir Bernard Tomlinson's report on London's health services. He recommended reducing the number of hospital beds by 2,500 and allowing more resources for the capital's general practitioners and community services.

Although Mrs Bottomley has said she will "grasp the nettle," Downing Street has made clear that there would be extensive consultation periods by the government before many closures of individual hospitals were implemented.

Air fares condemned

Air passengers are paying "outrageous fares" despite the open skies policy in Europe which came into force at the beginning of the year, according to Sir Michael Bishop, chairman of British Midland Airways.

The lower fares that deregulation was expected to herald were "something of a fiction", he said. Sir Michael was speaking in London as British Midland launched a revamped business section on all its European services.

New tax forms under attack

New style tax forms to be issued the Inland Revenue in the next few weeks have come under attack from tax practitioners who claim there was inadequate time for consultation before the final design was approved.

The basic Form 11 Tax Return in eight version has been circulated to professionals and will be sent to about 8m taxpayers from the start of April. It is longer than the previous version and includes far more text.

MFI cuts jobs

Furniture group MFI is to cut some 259 jobs with the closure of its distribution centre at Runcorn, Cheshire, in May. The closure, which will save MFI up to £2.5m a year, follows the introduction of new technology.

India win test

India won the second test against the England cricket team to take the three-match series 3-0 following a batting collapse which saw England all out for 252 in their second innings. India won by an innings and 22 runs.

MANAGEMENT: THE GROWING BUSINESS

Seeking healthy advice

Such is the complexity of Britain's health and safety legislation that companies frequently turn to consultants for advice and training. But how do they decide whether a consultant is really necessary, choose the right one and make sure they get value for money? A leaflet* from the Health & Safety Executive provides the answers to these and other questions. Recent experience indicates some consultants do not understand the relevant regulations well enough and lead employers into unnecessary expense, the HSE warns.

Other consultants, meanwhile, appear deliberately to misinterpret the legislation to promote their own services.

If a business is not too large and the risks are relatively clear it may find the solutions in HSE booklets, by having an employee trained or by speaking to its trade association.

A consultant may prove of value if the company is adopting new or complicated technology or if it requires specialist skills for only a short period.

When it comes to choosing a consultancy, a company should define its requirements. It should describe the problem and why it cannot be dealt with in-house; detail what it wants the consultant to do; and describe what it would consider as a successful outcome.

That should be developed into a brief, which should outline a budget, set a timeframe and describe what resources the company can offer. The client should judge performance by assessing whether the consultant asked searching questions, his recommendations were understandable and the company can act upon them.

The booklet contains a list of useful addresses (though curiously no telephone numbers) of specialist organisations that can provide further advice.

CB

**Selecting a Health & Safety Consultancy. HSE Information Centre, Broad Lane, Sheffield, S3 7HQ. Tel 0742 892345. Fax 0742 892333. 14 pages. Free.*

Staying in the family

Charles Batchelor discovers that some of the world's oldest corporate dynasties thrive on diversification

Do not underestimate the staying power of the family business. After a decade when the rise of the corporate financier and the insolvency specialist appeared to mark the end of corporate longevity, the old-established family company still has its place.

A French-based association of international, family-run businesses claims one Japanese member going back as far as 718 while it counts another three members dating from the 14th and 15th centuries.

The Henokians,* named after a Biblical patriarch who reputedly lived to the age of 365, has more than two dozen members over 200 years old. The association requires members to be majority-owned and managed by the founder's descendants and to be financially sound.

Established in 1981 by descendants of the founders of Marie Brizard & Roger International, a French manufacturer of spirits and fruit brandies, the Henokians have 11 members from Italy, eight from France, two each from Spain and Japan and one each from Germany and Norway. Asprey, the British manufacturer of luxury goods, was a member but lapsed when its character changed as it expanded.

What are the common characteristics of member companies? The main one, in the view of Dimitry Limont, association secretary, is a strong sense of family history. This means employing professional, non-family managers when necessary, and excluding incompetent family members, to ensure the business flourishes but ultimate control stays with the founding dynasty.

A striking characteristic of members is the dominance of traditional sectors such as wines and spirits and textiles. Metal working and packaging account for a significant minority, while jewellers, glass makers and printers are also represented. These sectors may be traditional but the companies have adapted to technological and market change. Confetti Mario Pelino, an Italian confectioner, is proud of its hand-made traditions which require four days to glaze its sweets. Nevertheless, it is modernising production and franchising the Pelino name outside Italy.

Viellard Migeon, a French iron foundry established in 1679, diversified out of chains, bolts and screws into fish hooks at the beginning of this century and claims to rank second in this sector in the world.

The oldest member of the association is the Hoshi Hotel, which claims to be the oldest *ryokan*, or traditional inn, in Japan. Founded on the site of a hot water spring by a Buddhist priest, Hoshi has expanded to a 100-room hotel owned and managed, if oral tradition is to be believed, by the 46th generation of the founding family. It was another 919 years until the establishment of the second Japanese member, Gekkeikan Sake Company. This relative newcomer was established as recently as 1637. Gekkeikan has concentrated on improving methods of producing sake while other Henokians have sought growth through diversification. Friedr. Schwarze (1664) claims to run the largest Coca Cola bottling line in Germany alongside its traditional business of producing corn spirit.

The predominance of Italian and French companies may reflect the relatively underdeveloped capital markets in those countries and the economic weight of the family-owned business, but the Henokians are seeking to broaden their membership. The annual subscription of FFr24,000-FFr42,000 (£3,000-£5,250) may however, deter some smaller family firms.

The Henokians meet annually to discuss issues affecting the family company and have links with organisations such as the Tercentenarians' Club**, a UK group of 300-year-old companies. British family businesses such as R. Durtnell & Sons, a Kent building company founded in 1591, and Folkes Group (1699), a Stourbridge-based open-die forging company, would probably qualify for membership. In the UK, at least, the significance of family companies has been largely ignored, although the Confederation of British Industry and Stoy Hayward, an accountancy firm, have established a family business forum.

The compilation last year of a register† of the largest 50,000 UK companies by Dun & Bradstreet, the business information group, revealed 258 companies, many still family-owned, which were over 200 years old. Further research is needed to show whether the corporate old-timers are an appealing curiosity or whether they have a message for students of business management.

**The Henokians, 26, bd Gouvion Saint-Cyr, 75017 Paris, France. Tel. 010 331 45 72 11 96.*
***Tercentenarians' Club, c/o 7 Amhurst Court, Grange Road, Cambridge CB3 9BH. Tel 0223 355698.*
†Key British Enterprises. Dun & Bradstreet. Tel 0494 422000.

See also this page December 29.

World's oldest family companies

718
Hoshi Hotel - Japan

1385
Antinori
Wine grower - Italy

1460
Barovier & Toso
Glassmaking - Italy

1480
Cosulich Armatori
Shipowner - Italy

1526
Pietro Beretta
Firearms - Italy

1551
Codorniu
Wine grower - Spain

1613
Mellerio Dits Meller
Jewellers - France

1637
Gekkeikan Sake - Japan

1639
Hugel & Fils
Wine grower - France

1657
Ulefos Jernvaerk
Smelter, saw mill - Norway

Source: The Henokians

Time nears for late payers to be called to account

Several thousand UK companies will be affected by legislation designed to make them publish details in their accounts of the time they take to pay suppliers. This requirement, which forms part of a government campaign to encourage prompt payment, was announced by Norman Lamont, the chancellor, in his last Budget and is planned to come into effect from December.

How many companies will be expected to collect payments information is not yet clear. A consultative document was issued at the end of last month just before the government pledged itself to assessing the impact on business of future legislation. The document says companies covered by the Companies Act definition of "large" and not just listed companies will be included. "Large" companies meet two or more of the following criteria: sales of more than £11.2m, a balance sheet total of more than £3.9m and over 250 employees.

However, there are no readily available statistics on the number of large companies though small firms specialists estimate between 4,000 and 7,000 could be affected, including 2,500 listed companies.

The decision to make "large" companies publish the length of time it takes them to settle bills is, in effect, an attempt to shame them into paying up promptly. The problems small businesses face in getting paid have worsened during the recession. Companies typically quote payment terms of 30 days but on average wait 78 days.

The government is seeking a response to its consultative paper by March 27. Its preferred option is for companies to disclose the ratio of trade creditors to average purchases at the end of the financial year. That is calculated by dividing the total amount of end-year trade creditors (already in accounts) by average daily purchases (which are not, but which should be determinable from other data).

The consultation paper also considers other methods, including two it views as possible alternatives. One is "countback", where a company adds up total purchases for preceding months until the total equals the amount of trade creditors shown at the year-end. The number of months required would show the approximate time taken to pay. The second is "age analysis" where a company analyses the value and age of bills making up end-year creditors.

The choice has been influenced by the need for a system that does not add significant administration costs, the consultation paper says. Only one method of calculation will be allowed to enable comparisons, although companies are free to add information. The figures will be required to be audited.

Reporting will take the form of a note to the accounts showing the average time taken to pay, in days. This information will be required for financial years starting on or after December 23 1993. Grant Thornton, accountants, called for tougher safeguards, however, and warned of the difficulty and cost of verification.

Any average figure for payment delays is likely to understate the scale of the problem facing many companies, said another accountant. Companies take care to pay essential suppliers quickly but often make others wait longer.

CB

Copies of the consultation document and a questionnaire are available from Janice Munday, Companies Division, Department of Trade and Industry, Room 523, 10-18 Victoria Street, London SW1H 0NN. Tel. 071 215 3233.

Testing personal capital

Yorkshire Enterprise, one of the longer-established venture capital funds in the English regions, is using psychometric testing on entrepreneurs asking for finance and help in growing their businesses.

The tests, which assess personality, motivation and interpersonal skills, are being used where teamwork and team building are essential to business development. Trained consultants administer the tests and interpret the results.

Peter Claydon, YE's commercial director, says: "We are not basing our decisions entirely on what the tests reveal, but we use them to confirm views we may have formed in interviews."

Testing has been used six times in the last nine months, three times involving new funds and the rest on business development, involving adding more people to a management team. The sixth proposal was turned down. "I wouldn't say it was because of the tests, but they certainly underlined the worries we had," Claydon says.

YE invests in the £100,000-£250,000 range. About a third of its 150 investments have resulted in healthy exits through trade sales or buy-backs by their managements. A third are still active with YE as a hands-on investor, but the rest have failed.

There is a marked reluctance to back one-person managements nowadays, so team quality and relationships are critical.

"Small businesses need a consensus builder to lead them, complemented by a completer-finisher," Claydon adds. "Growing companies usually need a chairman who can stand back and conciliate, a shaper of policy and a resource gatherer.

"In the history of management buy-outs and buy-ins, there seems a critical period after about three years. If the team is not complementary within itself, this is when the strains tell and things start falling apart. Testing looks like a good early warning system."

Ian Hamilton Fazey

BUSINESS FOR SALE

THE DEPARTMENT OF TRANSPORT

KPMG Corporate Finance

INFORMATION TECHNOLOGY

OPPORTUNITY TO ACQUIRE THE DVOIT EXECUTIVE AGENCY

DVOIT

Dvoit is an Executive Agency of the Department of Transport. It provides IS/IT Services to the Department and its Agencies, principally the DVLA which is responsible for the issuing of licenses for drivers and vehicles within Great Britain.

The Department of Transport wishes to privatise DVOIT which is to be sold. Contracts for the ongoing provision of IS/IT services to the Department of Transport and its Agencies will be let for a fixed term. The privatisation process will involve transferring the personnel and selling or otherwise transferring the computer hardware, telecommunications networks and accommodation and outsourcing the provision of IS/IT services to the purchaser.

The above is an extract from an advertisement which appeared on page 144 of the 'S' Supplement to the Official Journal of the European Communities dated 13 February 1993, replies to which are required by 8 March 1993.

For further information and a copy of the full advertisement referred to above please contact:

KPMG Corporate Finance
8 Salisbury Square
London EC4Y 8BB

Contact: John Griffith-Jones
Charles Milner
Simon Belfer

Tel: 071 236 8000

The contents of this statement have been approved for the purposes of Section 57 of the Financial Services Act 1986 by KPMG Peat Marwick which is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

REALCARE HOMES

On the instructions of a major PLC client

NOTTINGHAMSHIRE/ DERBYSHIRE

5 RESIDENTIAL & NURSING HOMES WITH TOTAL REGISTRATION OF 210.
Historically high occupancy levels.
IDEAL GROUP PURCHASE OR AVAILABLE INDIVIDUALLY

Rushleas Residential Home Radcliffe on Trent, Nottinghamshire
Prime residential area. Registered for 36. High percentage of single rooms, predominantly en suite.
Offers in excess of £575,000 freehold.

Chester House Residential Home Sherwood Rise, Nottingham
Long-established home with strong local reputation, set in its own delightful gardens. Registered for 50. Predominantly single rooms.
Offers in excess of £775,000 freehold.

Abigail Nursing Home Sherwood Rise, Nottingham
Refurbished in 1989. Close to city centre and all amenities. Registered for 34. Single and shared rooms. Large enclosed garden.
Offers in excess of £375,000 freehold/part leasehold.

Draycott Nursing Home Draycott, Derbyshire
Comprising four nursing units of individual character and unsurpassed reputation. 8 acre grounds. The varied accommodation includes: single and shared rooms predominantly at ground floor level. Registered for 70 although currently trading with an effective availability of 44 beds. 3 bed detached owners/management accommodation in grounds.
Offers in excess of £700,000 freehold.

Newstead Nursing Home West Bridgford, Nottingham
Popular home in its own gardens in good residential area. Registered for 20. Single and shared rooms.
Offers in excess of £275,000 freehold.

For further information please contact:
Tony Evans on 0602 483100
Alternatively, corporate enquiries should be directed to:
Ann Mitchell on 0532 459667

CHRISTIE & Co
CORPORATE DIVISION

STEEL PROFILERS

PHILIP LONG & ROBIN MEADOWCROFT the Administrative Receivers offer for sale the business and assets of
CAMCUT LIMITED

- Good motorway access to M67
- Fully equipped leasehold premises in Hyde, Greater Manchester with office accommodation and computerised profiling'machines
- 1922 turnover - £800K
- Skilled and motivated workforce
- Over 150 established customers

For further details please contact:
Paul Ashworth or John Hulse
Pannell Kerr Forster
Sovereign House
Queen Street
Manchester M2 5HR
Tel: 061 832 5481
Fax: 061 839 3655

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS

PREMIER HOTEL PROPERTIES SEALED BID SALE

Over 20 Quality Hotels in Major North American Markets

Hotel Name	Location	No. of Rooms	Hotel Name	Location	No. of Rooms
Hospitality Inn	Jacksonville, FL	202	Travelodge Sports Arena	San Diego, CA	307
Hospitality Inn	Jacksonville, FL	103	Holiday Inn	Clinton, NJ	142
Hospitality Inn	Pensacola, FL	124	Radisson Hotel	Minneapolis, MN	243
Hospitality Inn	Pensacola, FL	81	Summit Hotel	Dallas, TX	376
Landmark Hotel & Casino	Las Vegas, NV	Site	Carlton Place Hotel	Toronto, Ontario	528
Hampton Inn	Valencia, CA	129	French Quarter Suites	Atlanta, GA	155
Lake Arrowhead Hilton Resort	Lake Arrowhead, CA	261	Travelodge Viscount	LAX Airport, CA	567
Los Angeles Airport (Maruko) Hotel	LAX Airport, CA	178	Travelodge Hotel	Miami Airport, FL	264
Holiday Inn	San Francisco, CA	389	Travelodge Hotel	Atlanta, GA	180
Doubletree Club	San Diego, CA	210	Travelodge Viscount	Denver, CO	209
Radisson Hotel	San Bernadino, CA	238	Travelodge Viscount	Mt. Laurel, NJ	255
			Omni International	Baltimore, MD	702

★ Properties offered individually at substantially below replacement cost
★ With or without management or franchise affiliation
★ Seller financing available on selected properties

Sealed Bids Due 16th April 1993

For further information and a catalogue call
Kay Dymock in London +44 71 457 3902 or fax +44 71 457 3904

Jones Lang Wootton
INTERNATIONAL HOTELS

BUILDERS AND PLUMBERS MERCHANT
NORTH EAST ENGLAND
Turnover £1.2M.
Disposal for health reasons.
Write to Box A8288, Financial Times, One Southwark Bridge, London SE1 9HL

RECEIVERSHIPS/LIQUIDATORS.
PINK PAGES -
New weekly guide to every insolvent co. Direct contact with Liquidators/Receivers.
Fully indexed according to company type.
Free sample copy (0273) 626681.

GOLF, LEISURE & THEME PARK

360 Acres site situated M5 - South West

IDEAL LOCATION

Planning officers have indicated approval for HOLIDAY VILLAGE, VENTURE PARK, AQUA DOME. AMUSEMENT PARK, BUDGET HOTEL, FAST FOOD CAFETERIA AND PETROL FILLING STATION.

PLANNING PERMISSION ALREADY EXISTS FOR 2 X 18 HOLE GOLF COURSE (one already open) 200 BED HOTEL, 98 HOLIDAY HOMES, CONFERENCE FACILITIES FOR 600, UNDER COVER SPORTS COMPLEX, 14 LUXURY RESIDENTIAL HOMES, and, if required, 600,000 tons of landfill.

Site can be increased to 500 acres

Replies to: Beaufield Hs Mont De La-rosiere, St Savious, Jersey, Channel Islands

---

PROPERTIES FOR SALE

PKF worldwide

START WITH A LINK

OR BUY YOURSELF A CHAIN

TRADING HOTEL AND LEISURE PROPERTIES FOR INDIVIDUAL OR GROUP SALE

All businesses listed are continuing to trade under the control of the receivers and are offered for sale on a going concern basis. Further details including turnover, development potential and trading patterns are available from:-

Edwin Kirker or Stewart Baird
Pannell Kerr Forster
New Garden House
78 Hatton Garden
London EC1N 8JA
Tel: 071 831 7393
Fax: 071 404 8109

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

THE GAMBIA, WEST AFRICA
KAIRABA BEACH HOTEL
Superb 5-star luxury hotel situated directly on beautiful sandy beach
- Completed 1990, 143 bedrooms
- Quality restaurant
- Private swimming pool, own watersports and sports facilities
- Price: on application

DIDSBURY, MANCHESTER
THE GALLEON HOTEL & LEISURE COMPLEX
Purpose-built (1991) property offering modern styled accommodation and extensive leisure facilities.
- 10 mins Manchester Airport, 6 miles city centre
- 46 on-suite bedrooms
- Restaurant/coffee shop, 4 bars, Conference and Meeting rooms
- Superb leisure complex with independent membership 25m swimming pool, fitness room, sauna, steam room, spa bath, badminton, sun beds
- Guide price: £2.75 million

SOUTH KENSINGTON, LONDON SW7
THE GALLERY HOTEL
Luxury Georgian town house hotel, meticulously converted (1992) to a high standard.
- Close to Earls Court & Olympia Exhibition Centres/ Knightsbridge/West End. Easy access Heathrow Airport
- 34 en-suite bedrooms and 2 penthouse suites
- Exclusive restaurant, full service kitchen, Lounge Bar
- Boardroom facility
- Guide price: £2.5 million

MAIDSTONE, KENT
THE OLD RECTORY HEALTH & FITNESS CLUB
Historic Victorian rectory recently converted into an elegant country club and leisure complex set in five acres of rural Kent countryside.
- Modern fully equipped fitness & leisure complex with planned extension
- Large independent membership
- Country Club building completed to luxury decorative finish, antique billiard room and table, bridge room.
- Stylish club Meeting Rooms with restaurant and bar facilities
- Guide price: £1.5 million

VICTORIA, LONDON SW1
AIRWAY HOTEL
19th Century budget hotel ideally located for access to Tourist London
- Immediate access Victoria coach and train stations
- 37 bedrooms
- New kitchen
- Structural repairs in progress, interior refurbishment required
- Guide price: £995,000

HAMPTON COURT, SURREY
THE LIONGATE HOTEL
Attractive Georgian building and mews adjacent to Bushy Park & historical site of Hampton Court Palace.
- 29 stylish en-suite bedrooms
- Select Park Gate Restaurant & cocktail bar
- Structurally excellent with recent exterior decoration - minor interior decoration required
- Guide price: £750,000

CARLISLE, CUMBRIA
NEWBY GRANGE HOTEL
3-star country house hotel situated in own spacious grounds, adjacent to 18-hole Championship golf course. Carlisle Airport – 2 miles.
- 20 large en-suite bedrooms
- Superb conservatory restaurant/bar
- Extensive conference facilities
- Impressive public reception rooms
- Guide price: £600,000

SHREWSBURY, SHROPSHIRE
THE LORD HILL HOTEL
Comfortable 2/3-star rated hotel. 5 minutes Shrewsbury Town Centre.
- 46 en-suite bedrooms: 20 in annexe
- Restaurant, Public and Lounge Bars
- Conference Suite with self-contained bar/reception area
- Minor refurbishment required
- Guide price: £600,000

BARROW IN FURNESS, CUMBRIA
THE VICTORIA PARK HOTEL
Large Victorian Hotel, ½ mile from the major dockyard base of Barrow.
- 40 fully equipped bedrooms
- Restaurant/bar facilities
- Conference and banqueting facilities
- Structurally sound – some redecoration desirable
- Guide price: £400,000

TYNEMOUTH, TYNE & WEAR
THE GRAND HOTEL
Victorian listed building on Tynemouth seafront. Newcastle Airport – 5 miles.
- 42 en-suite bedrooms
- 2 Restaurants and Public Bar
- 3 spacious function rooms and basement disco
- General refurbishment required
- Guide price: £400,000

SOUTH NORWOOD, LONDON SE25
THE NORWOOD LODGE HOTEL
Attractive small hotel 10 mins from Crystal Palace Sports complex and Selhurst Park Football Ground.
- 10 mins Croydon and M25
- 20 en-suite bedrooms
- Reasonable decorative order throughout
- Guide price: £350,000

Torvale Group Ltd and its subsidiaries

(In Receivership)

Following the Receivership of the Torvale Group the following businesses are available for sale.

Torvale Building Products Limited

This company manufactures a range of building products, marketed under established trade names including Woodcemair, its main features include:

- Freehold premises at Pembridge, Leominster
- Sole manufacturer of wood wool cement slabs
- Several distributorship agreements including Sasmox
- Turnover of £2.6 m in 1992
- Significant manufacturing capacity
- Workforce of 56 people

Contact Stephen Hancock, Price Waterhouse, Birmingham office. Tel: (021) 200 3000 Fax:(021) 200 2464

The Lift and Hoist Company Limited

This company specialises in the design, supply, servicing and installation of specialised passenger and service lifts, it's main features include:

- 10,000 sq foot leasehold premises at Southwark, London
- Leasehold office in Bristol
- Large service and maintenance customer base
- Workforce of 26 people
- Turnover £1m in 1992

Contact: Tony Lomas, Price Waterhouse, London office. Tel: (071) 939 3000 Fax: (071) 939 5666

Torvale Fisher Engineering Limited

This company designs and manufactures material handling systems to the motor, food and timber industries, its main features include:

- Freehold premises at Pembridge, Leominster
- Prestigious customer base
- Turnover £3.5m in 1992
- Workforce of 65 people

Contact Stephen Hancock, Price Waterhouse, Birmingham office. Tel: (021) 200 3000 Fax (021) 200 2464

Torvale Elevanja Limited

This company manufactures specialised industrial breaks and incorporates a significant spare parts business, its main features include:

- Freehold premises at Bridgewater, Somerset
- Workforce of 27 people
- Turnover £1m in 1992
- Strong reputation for providing technical solutions to braking problems
- Good customer base

Contact David Bleakarn or Gill Tevey, Price Waterhouse, Bristol office. Tel: (0272) 293701 Fax: (0272) 290519

Price Waterhouse

COMPUTER CONSUMABLES BUSINESS

A computer services group wishes to dispose of a profitable non-core business selling specialist computer consumables. Sales are in excess of £1.5 million and growing at 30% per annum.

Principals only should contact:
Mr D Coupee
McCabe, Ford & Williams
Bank Chambers
High St, Cranbrook, Kent

PRECISION ENGINEERING BUSINESS FOR SALE

Established 22 years with regular customers over a wide range of industries.
Highly skilled workforce, total 11, with £300K average turnover.
No financial problems.
Modern factory with 89 year lease on 1/2 acre site, adjacent to new Olympic Site in Manchester.
Offers around £350K. Write to: Box A716, Financial Times, One Southwark Bridge, London SE1 9HL

FRANCHISE FOR SALE

Greetings card franchise, Slough area, going concern supplying 54 shops, large scope for expansion, excellent back-up and support from sound parent company
Price £11,000
Tel: 081 332 0506

£12K FOR ESTABLISHED BUSINESS c/w Flat. Thames Valley. Tel: 0235 821613.

FOR SALE

(On instruction of the joint Administrative Receivers, David Rowlands and Malcom Sheirson of Grant Thornton.)

- LONG ASHES PARK. NR SKIPTON, NORTH YORKSHIRE
  Planning Permission for 300 Static Holiday Caravans/Park Homes.
  130 acres - North Yorkshire Dales.
  Leisure Complex. Public House.
  Good income - Further potential to expand/develop.
  Price - £1.5 million, Freehold.
- CARR BRIDGE RESIDENTIAL PARK. NR BLACKPOOL.
  Planning Permission for 155 Park Homes. Good rent & income.
  Price - £850,000, Freehold.
- HILL TREE RESIDENTIAL PARK. HUDDERSFIELD.
  Planning Permission for 100 Park Homes.
  Secure Investment Property.
  Price - £400,000, Freehold.

For further information please contact:
Robert B Gale-Hasleham or Amanda Rumley.
CHARLES F JONES & SON
ELDON HOUSE
92-94 WATERGATE STREET
CHESTER CH1 2NP
TEL: 0244 328141 FAX: 0244 343232

CHARLES F. JONES & SON

Building Company

Wellingborough

The Joint Administrative Receivers offer for sale the business and assets of Perkins & Barron Limited and its subsidiary companies, Helm (Heating & Plumbing) Limited and Alliance Joinery Limited.

Principal features include

- Experienced work-force of building operatives, heating engineers and joiners with skills in many areas of general building and related trades.
- Annual turnover of £2 million.
- Freehold properties.
- Machinery, equipment and vehicles.
- Benefit of existing contracts.

For further information contact the Joint Administrative Receiver, Myles Halley, KPMG Peat Marwick, Spencer House, Cliftonville Road, Northampton NN1 5BU Tel 0604 34480. Fax 0604 32297.

KPMG Corporate Recovery

R Hewer & Son Bakers

The Joint Receivers, offer for sale the business and assets of this long established bakery, available as a going concern.

Principal features of the business include:

- freehold bakery premises near Swindon, of 5,000 sq ft
- leasehold retail shop
- annual turnover of c £1.2 million
- 38 full and part-time employees
- established customer base.

For further information please contact, R W Birchall FCA, The Joint Receiver, at Coopers & Lybrand, 66 Queen Square, Bristol BS1 4JP.
Telephone: 0272 292791. Fax: 0272 307008.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Coopers & Lybrand

Sheltered Housing Development For Sale

The Joint Administrative Receivers of Keddie Developments Limited offer for sale a completed freehold / long leasehold development of 35 retirement flats located between Bournemouth and Poole, Dorset. 4 flats have already been sold. The development which has been specifically designed as Category II sheltered housing for the elderly comprises:

- 25 single and 10 double bedroom flats with a choice of 8 different floor plans.
- UPVC double glazing and Economy 7 central heating.
- Alarm/intercom call system to local authority.
- Doctors practice and two small shopping parades within level walking distance.
- Resident Warden.
- Other facilities include a residents' lounge, conservatory, kitchen, launderette and overnight guest suite.
- 2 fully fitted showflats.

For further information please contact:
DC Lovett or GS Johal,
Arthur Andersen,
1 Victoria Square,
Birmingham B1 1BD
Tel: 021 233 2101. Fax: 021 643 7647.

ARTHUR ANDERSEN

ARTHUR ANDERSEN & Co. SC

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

William Comyns and Sons Limited
Comyns of London Limited
(Both in Liquidation)

The Joint Liquidators offer for sale the assets of the above long established silversmiths.

For further information please contact the Joint Liquidators, V.C. Wright or B.R.A. Callaghan, at Chantrey Vellacott, Russell Square House, 10/12 Russell Square, London, WC1B 5LF. Tel: 071 436 3666 Fax: 071 436 8884

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

CHANTREY VELLACOTT CHARTERED ACCOUNTANTS

POTTERIES BASED HOUSEBUILDERS AND DEVELOPERS

Fradley Homes

The Joint Administrative Receivers offer for sale the goodwill, business and assets of F. Fradley & Son Limited, a long established potteries based housebuilder and developer, which trades as Fradley Homes.

Principal features of the business include:

- six operating sites
- significant land bank
- sundry freehold properties.

For further information, please contact Michael Horrocks or Mark Pallos of Coopers & Lybrand, Abacus Court, 6 Minshull Street, Manchester M1 3ED. Telephone: 061 236 9191. Fax: 061 228 3920.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Coopers & Lybrand

UK SECURITY COMPANY FOR SALE

Fast expanding and highly profitable company specialising in electronic security systems for sale into an immature niche market.
Turnover £1 million+, net profits in excess of 25%. Entrepreneur owner seeks new challenge.

Write to Box A4690, Financial Times, One Southwark Bridge, London SE1 9HL

TURNFORD GROUP

comprising

TURNFORD SURFACING COMPANY LIMITED
TURNFORD ROADSTONE COMPANY LIMITED
R.M.W. CONTRACTS LIMITED
TURNFORD PLANT HIRE COMPANY LIMITED
TURNFORD LIGHTING COMPANY LIMITED
(all in Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above companies.

- Long established reputation in the surfacing industry undertaking surfacing contracts for Local Authorities and private enterprises
- Computer controlled British standard asphalt manufacturing plant.
- Freehold site at Rye House, Hoddesden.
- Group turnover approximately £11 million.

For further information contact the Joint Administrative Receiver, David Rolph, at Moore Stephens, St. Paul's House, Warwick Lane, London EC4P 4BN

Tel: 071-334 9191 Fax: 071-248 3408

MOORE STEPHENS
CHARTERED ACCOUNTANTS

WARMSHIELD®

(In Receivership)

Stalybridge, Cheshire

Warmshield Aluminium Ltd and Warmshield Insulating Glass Ltd (Both In Receivership) are nationally respected trade suppliers of PVC-U, Aluminium and Composite Windows, Doors and Conservatories.

- Turnover £5 million
- Freehold factory 153,000 square feet
- Good location
- Well known national trade name
- Wide product range
- Modern production equipment
- Skilled workforce
- Established 20 years
- Existing Order Book

For further details contact the Joint Administrative Receivers:
Allan Griffiths or Malcolm Shierson,
Grant Thornton, Heron House,
Albert Square, Manchester, M2 5HD.
Tel: 061-834 5414. Fax: 061-832 6042.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

COMMERCIAL VEHICLE HIRE COMPANY FOR SALE

with substantial tax/ capital allowances

Apply to: Box A4729, Financial Times, One Southwark Bridge, London SE1 9HL

Withnell Engineering Ltd

The Joint Administrative Receivers of Withnell Engineering Limited offer for sale, on a going concern basis, the business and assets of the company founded in 1970.

- *Steelwork and pipe fabricators*
- *Long-established business*
- *Operating from freehold premises in Blackburn*
- *Blue chip customer base*
- *Order book–£650k*
- *Turnover in region of £4m*

For further details please contact the Joint Administrative Receivers F.W. Taylor and T.N. Birch, Ernst & Young, Silkhouse Court, Tithebarn Street, Liverpool L2 2LE. Tel: 051-236 8214. Fax: 051-236 0258

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Precast Concrete Business

The Joint Administrative Receivers EVL Blackwell and R Hocking offer for sale the business and assets of this long established company.

- Turnover approx £1m per annum
- Situated at leasehold premises in Oxfordshire
- Large customer base including major contractors
- Specialists in concrete cladding, stairs and all types of precast components

For further information please contact either Eddie Blackwell or David Clements Stoy Hayward, 74 South Street, Reading, Berks RG1 4RA. Tel: 0734 585466. Fax: 0734 567782.

STOY HAYWARD Horwath

A member of Horwath International Accountants and Business Advisers
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

---

GOLF CENTRE FOR SALE LEASEHOLD,
N. KENT

- 30 BAY DRIVING RANGE, FLOODLIT.
- SUPERB 9 HOLE PAR 3 COURSE.
- LARGE WELL STOCKED SHOP.
- FLOODLIT PRACTICE AREA, PUTTING GREEN & BUNKER.
- BAR/FOOD AREA.
- T. OVER £400,000 + G. PROFIT £253,000.

PROBABLY THE BEST GOLF CENTRE OF ITS KIND, BUILT TO A VERY HIGH STANDARD, SECURITY ALONE COST OVER £50,000. 28 YEARS LEFT ON LEASE. THIS IS AN IDEAL OPPORTUNITY TO ACQUIRE A PROFITABLE AND GROWING CONCERN.

PRICE: £495,000 + S.A.V (CURRENT VALUE £103,000)

FINANCIAL STATUS WILL BE REQUIRED BEFORE ENTERING INTO DETAILED NEGOTIATIONS. ALL ENQUIRIES TO BOX A4692, FINANCIAL TIMES, ONE SOUTHWARK BRIDGE, LONDON SE1 9HL.

ENTREPRENEUR OPERATING IN Wholesale/Retail Packaging Co. Supplying retailers in Bucks, Berks, Oxon, and now moving into London. A simple, easy cash-flow business, min. overheads. Genuine reason for sale. £28,500. Tel: 0491 579720.

MAGAZINE ADVERTISING ASSETS of insolvent companies and businesses. Free copy 071-262 1164.

CREDIT MANAGEMENT

The Financial Times proposes to publish this survey on:
March 10th 1993
Should you be interested in acquiring more information about this survey or wish to advertise please contact Daisy Veerasingham on
071 873 3000 Ext: 3746

BUSINESS FOR SALE ALSO APPEARS TODAY ON PAGES 9 & 23

BUSINESS AND THE LAW

Pepper added to Maxwell bean-feast

Robert Rice and **John Mason** examine the fall-out from a House of Lords' ruling

The House of Lords' recent ruling in Pepper v Hart that Hansard – the official journal of UK parliamentary debates – could be used to assist in interpretating legislation was seen at the time as a decision likely to cause many a legal hiccup.

So it has proved. Mr Larry Trachtenberg, one of four men charged in connection with the collapse of Robert Maxwell's empire, used the ruling to challenge the power of the Serious Fraud Office to compel suspects to answer questions.

The SFO's power is granted under section 2 of the 1987 Criminal Justice Act. Section 8 of the act allows suspects to claim a "reasonable excuse" for not answering questions, and this was used by Mr Trachtenberg.

Mr Trachtenberg's "reasonable excuse" was that he was being asked to give an account of the theft and fraud charges he faced before the prosecution had stated its own case. In effect, he argued, he was being asked to provide the case against him. This, he said, was contrary to a fundamental principle of English criminal law: that the prosecution must prove its case, unaided by the accused.

It is clear from Hansard reports of the passage of the 1987 bill that parliament did not intend that this principle should be overridden by the section 2 powers, Mr Trachtenberg said. Mr Christopher Bourke, the stipendiary magistrate, agreed.

However the magistrate's decision to dismiss the charge that Mr Trachtenberg refused to answer questions came as a surprise after a related lords' ruling last summer.

That ruling concerned a similar refusal by Mr Wallace Duncan Smith to answer SFO questions. He had argued that the SFO's powers ceased once the accused had been charged. In any event, once charged, the SFO director was obliged to caution him under the terms of the code of the Police and Criminal Evidence Act (Pace); under the code suspects are not obliged to answer questions, but anything they say could be used in evidence against them.

The law lords rejected both arguments. As a matter of interpretation, the lords said, the powers of the SFO director did not cease after charges had been made and common sense dictated that the general provisions of the Pace code yielded to specific provisions of the 1987 act when the act applied.

But Mr Bourke said the Smith case had not dealt with the issue of "reasonable excuse" and had come before the Pepper v Hart decision last November. Therefore the law lords had not been able to refer to Hansard to determine the parliamentary intent behind the legislation.

Mr Bourke said it was clear from reading Hansard that the Criminal Justice Act did not reverse the rule that the prosecution has the burden of proving the charges unaided by the accused.

Larry Trachtenberg: successfully turned to Hansard

"Parliament did not, either by silence or implication, abandon that rule. On the contrary, parliament was astute to preserve it," Mr Bourke said.

His decision was welcomed by law firms specialising in white collar crime defence work.

"This is a welcome reassertion of the rights of the defendant within the criminal justice system," said Mr Monty Raphael of Peters and Peters, the firm representing Mr Trachtenberg's co-defendant, Mr Kevin Maxwell.

The SFO says it is reviewing its position. However an appeal seems certain since the ruling raises serious implications for both the powers and procedures of the SFO.

If the decision to dismiss the charges against Mr Trachtenberg is not overturned, the implications for the SFO could be considerable. The number of section 2 notices issued to people already charged are relatively few. The vast majority of the almost 800 notices issued each year are served either before charges are made or on banks.

However in the often long and complex investigations handled by the SFO, the emergence, late in the day, of fresh evidence and new avenues of inquiry is not unusual. If a wall came down on the use of section 2 powers after charges were laid it could prevent the prosecution obtaining crucial evidence necessary for conviction.

One solution, observers note, is the possibility of fresh legislation being passed. One amendment in the current Criminal Justice Bill would be enough to resolve the matter and render obsolete any arguments based on Pepper v Hart.

But it is not just the powers of the SFO that have been upset by the Pepper v Hart ruling.

The drafting of new insider dealing legislation has already hit choppy waters. Defining precisely at what point information becomes public has antagonised many in the City of London. Treasury ministers taking the bill through parliament have been forced onto the defensive, issuing verbal reassurances from the despatch box that the government has no intention to fundamentally alter current market practice.

In the light of Pepper v Hart, such reassurances could rebound badly on the legislators, leaving the door wide open for legal challenges.

One lawyer said: "Unless the bill is more tightly drafted, they could get 'Peppered and Harted' all over the shop. It will be an absolute bean-feast for lawyers, but who else?"

Food-aid rules confirmed

EUROPEAN LAW

The European Commission has been told by the European Court of Justice to repay money withheld from a trader who was late in delivering goods covered by European Community food-aid rules.

Cebag, a Dutch exporter, sued the Commission for payments due under a food-aid tender contract relating to colza oil destined for Uganda, Mozambique and Bangladesh. The Commission claimed Cebag made late deliveries of the oil allocated to it under the tender and therefore it was entitled to withhold delivery guarantees by making deductions from the final payment. Delay in delivery was not disputed.

The main legal issue arose from the fact that the Commission had notified Cebag that it had been released from its delivery guarantees but then proceeded to deduct Ecu104,508 (£84,860) from the sum due at final payment.

This deduction was contrary to a ruling by the European Court of Justice in January 1991 in which the court interpreted the EC food-aid rules as precluding the Commission from making deductions for late delivery.

When Cebag requested repayment of the money, however, the Commission refused. In its telexed refusal, which Cebag asked the ECJ to annul, the Commission said no reliance could be placed on the court's January 1991 ruling in respect of payments made before that date.

In confirming its previous ruling the court rejected the Commission's arguments. The court held only renunciation of the right to reimbursement, which had not been suggested by the Commission, or legal prescription, which was no longer contended by the Commission, could prevent Cebag's claim.

The court also upheld Cebag's claim for interest on the late payment.

Two unusual procedural points were raised by this case. First, the court decided there should be no oral hearing; and second, Cebag brought claims under the Rome treaty provisions which give the court jurisdiction to give judgment in respect of any arbitration clause contained in a contract concluded by or on behalf of the Community whether the contract is governed by private or public law.

The Commission had argued Cebag's application was inadmissible because the legal relationship between the Commission and the tenderer was exclusively governed by the provisions in the relevant EC food-aid regulations and that the provisions referring to the jurisdiction of the court did not amount to an arbitration clause incorporated in the contract between the Commission and Cebag.

The court disagreed. It said the legal relationship was also subject to the terms of the tender contract and that the provisions granting jurisdiction to the ECJ were an integral part of the contract which were to be treated as an arbitration clause within the meaning of the treaty.

Case C-142/91, Cebag BV v Commission, ECJ 5CH, 11 February 1993.

Inward-processing entitlement

IN THE course of proceedings between Textilveredlungsunion (TVU) and German customs in respect of a claim for repayment of customs duties, the Munich Finanzgeright asked the ECJ to interpret certain of the European Community's inward-processing rules. EC inward-processing rules cover imported goods or raw materials which are processed in the Community and then re-exported.

In general customs duties paid on the imported goods are refundable after they are re-exported. The duties reclaimed by TVU had been paid in connection with yarn imported from Korea by another German company which had then been re-exported to Bulgaria after TVU had dyed the yarn under a subcontract.

The court ruled that it was for the German court to decide the meaning of the inward-processing regime applicable to TVU as a sub-contractor. However, the court clarified details of the EC inward-processing rules. It said where the processing of non-Community material was carried out for a principal established within the EC customs territory, the sub-contractor could apply for inward-processing relief but must do so in the name of the principal.

Case C-291/91 Textilveredlungsunion GmbH v Hauptzollamt Nurnberg-Furth, ECJ 1CH, 11 February 1993.

BRICK COURT CHAMBERS, BRUSSELS

Linklaters & Paines top Eurobond advisers' league

AN ANNUAL league table of law firms that advise on Eurobond issues has placed City solicitors Linklaters & Paines top for the fourth year running.

The solicitors were involved as advisers to the lead managers of 341 issues in 1992, well clear of nearest rival Allen & Overy, which came second for its part in 199 issues. Slaughter and May ranked third for its involvement in 77 issues.

According to the International Financial Law Review, which publishes the table, there was a marked increase in the total value of Eurobond transactions during 1992 as investors sought safer havens for their money.

Instability in the world equity markets, chaos in European currency exchange rates and uncertainty over interest rate levels all played their part as transaction values reached $287bn (£190bn) compared with $255bn in 1991.

The full league table places the UK's Clifford Chance fourth with 59 issues; the French firm Giroux Buhagiar & Associés fifth with 31; the US firm Cleary Gottlieb Steen & Hamilton sixth with 28; the UK's Freshfields seventh with 22 issues; the Dutch firm De Brauw Blackstone Westbroek eighth with 17; and Canada's Stikeman Elliott, America's Davis Polk & Wardwell and France's Siméon et Associés equal ninth with 16 issues.

LEGAL BRIEFS

10-year Bendectin case nears close

THE 10-year legal battle in the US federal courts over whether Merrell Dow Pharmaceutical's anti-nausea drug Bendectin causes birth defects has finally reached the US Supreme Court.

The case is being followed by corporate America with great interest even though the issues involved are relatively straightforward. The court is expected to announce for the first time a standard for determining when expert scientific evidence can be admitted in both civil and criminal cases.

Scientists, politicians, lawyers and companies have long disagreed on whether and to what extent judges and juries are hoodwinked by phony or unreliable expert evidence.

Corporate America believes unreliable evidence by "experts" has been largely responsible for the huge jury awards against American companies in recent years.

Merrell Dow has successfully defended itself against almost all of the 2,000 lawsuits that alleged that Bendectin causes limb deformities. From 1957 to 1983, when Bendectin was removed from the market, more than 33m women in 21 countries used the drug.

The critical issue concerns proof that it is more likely than not that the drug caused the deformities. According to the US National Law Journal the parties involved usually rely on epidemiological or human evidence.

So far, epidemiological studies performed on humans before the drug was removed from the market have failed to show a statistically significant relationship between the drug's use and birth defects.

Attempts to prove a causal link by expert evidence based on chemical analysis and animal studies have so far been ruled inadmissible by the US courts.

This is on the basis that an expert opinion on a scientific technique is only admissible if it is "generally accepted" as a reliable technique within the scientific community.

At the moment the courts are agreed that human or epidemiological evidence is the only reliable proof that a drug is a non-genetic cause of birth defects. It is this scientific controversy that the Supreme Court must sort out.

TECHNOLOGY

Croatian engineers risked their lives to open the sluice gates and safeguard 20,000 people, says **Andrew Taylor**

Rescuing the Peruca dam

Serbian militia came "within an ace" last month of destroying the Peruca dam in Croatia, threatening the lives of 20,000 people, according to British engineers who travelled to the war zone to help make the dam safe.

Only the robust nature of the dam's design and construction and the fact that the water level was not higher prevented an immediate disaster, according to Paul Back, chief technical director of consulting engineers Sir Alexander Gibb.

Back, an international expert on dams, was one of three Britons who travelled to the Dalmatian coast to assist the Croatians. The others were Derek Wilden, head of Gibb's hydro-mechanical engineering division, and Terry Pike, chief engineering adviser to the Overseas Development Administration.

They praised the Croatian engineers, who risked their lives by opening sluice gates - feared to have been booby trapped - to lower the water level in the lake.

"Without this immediate action, more of the clay core in the centre of the dam might have been washed away with terrible consequences," said Back.

Peruca is an embankment dam, the impervious clay core enclosed in sloping shoulders of local limestone. The stone protects the core and gives the 450 metre-long, 65 metre-high dam its strength. It holds back up to 541m cubic metres of water, more than twice the volume of Kielder, England's largest dam.

"It is not easy to blow up a dam when it has been designed to withstand earth movements in an area of high seismic activity," says Back.

Three separate blasts - one alone is estimated to have involved 15 tonnes of explosive - are thought to have occurred in an inspection tunnel running through the centre of the structure.

The crest of the dam above the explosions sagged by more than two metres. The immediate threat was that water would pour over the gaps washing the structure away and accomplishing what the explosions failed to do on their own.

"That was why it was so important to get the sluice gates open and reduce the level of water," says Back.

The next problem was to identify what other damage had been done to the structure. Most worrying was that water pouring from an access tunnel to the damaged inspection gallery, 15 metres from the top of the dam, was chocolate brown – indicating that the clay core was being steadily eroded. If the core was destroyed there would be nothing to prevent water pouring through the limestone and washing it away completely.

The first task has been to reduce the level of the water to below the inspection tunnel outlet to see if this would halt the damage to the core.

The emergence of large sink holes at the southern end of the dam has suggested it is there that water has been getting into the core. Silty clay has been used to backfill the sink holes in the hope that this would replenish the damaged core.

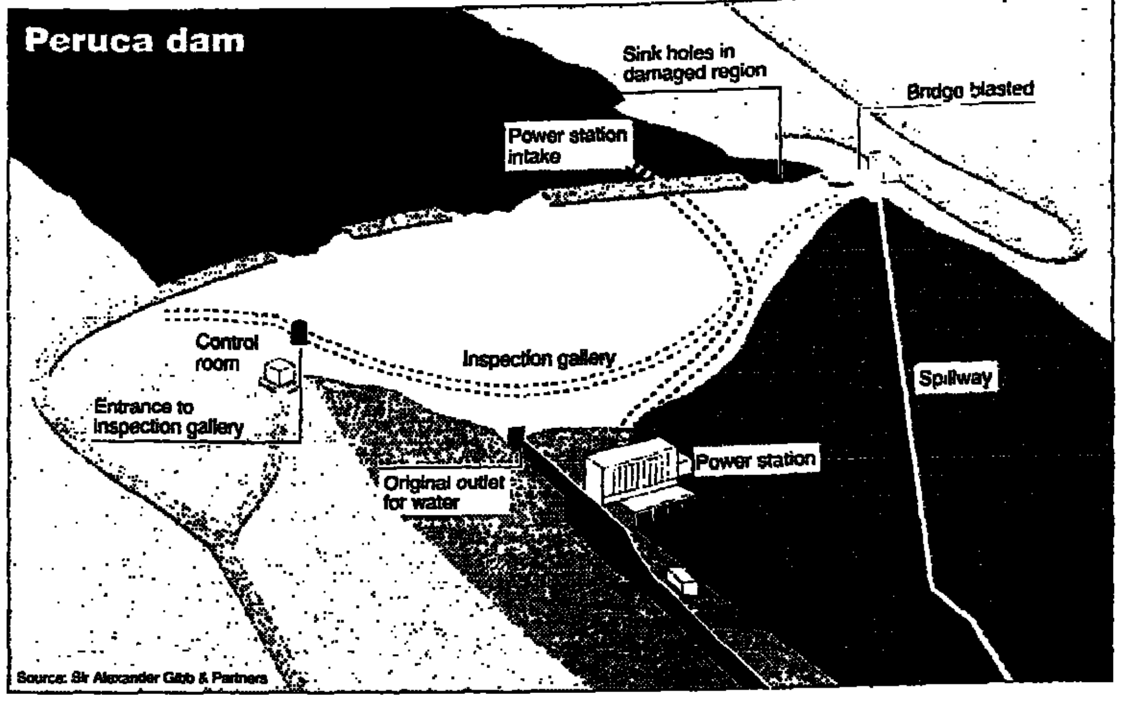
That work is still continuing and it could be several weeks before the dam is finally considered safe. A remote-controlled submarine with a video camera provided with operators by Shoreline Engineering of Britain has been carrying out extensive surveys to assess the damage and whether the structure is booby-trapped.

Engineers are also using dyes to establish the course of the seepage which has been damaging the core. Once the water level has been sufficiently reduced, there will be a joint inspection by Croatian and British engineers to assess what repairs might be needed. Dams would appear to be natural terrorist targets given the massive destructive potential of hundreds of millions of tonnes of water suddenly being unleashed.

In reality, they are very difficult to destroy, as Peruca has shown. "Dams are designed to withstand huge natural forces which are much greater than most man-made devices," says Back.

He quotes an incident in 1986 when he was sent to investigate the failure of the Kantalai dam in Sri Lanka, which was feared to have been caused by Tamil terrorists.

The clay embankment dam built in 600 AD had been "improved" last century by Royal Engineers from Britain who had dug a culvert built in dressed stone, using a lime-based mortar. Rather than any actions by terrorists, it was erosion of the clay through the mortar that had caused the dam to collapse



Source: Sir Alexander Gibb & Partners

Robot rubber tappers are ready to march

Labour shortages in Malaysia are doing away with the traditional 'jebung', writes **Kieran Cooke**


Traditional rubber tapping: dying breed

Strange things are happening on Malaysia's rubber plantations. Machines are taking over from the traditional rubber tappers. Before long, robots could be moving down the lines of trees, collecting the latex which goes to help make the world's tyres and condoms, raincoats and surgical gloves.

Malaysia's rubber growers are facing serious problems. With one of the fastest-growing economies in the Asian region, Malaysia is rapidly industrialising.

A combination of acute labour shortages in the agricultural sector plus a period of low prices has forced many rubber growers to abandon their trees.

Since 1988, Malaysia's rubber production has fallen by as much as 26 per cent to 1.22m tonnes last year. Both Thailand and Indonesia are now bigger producers.

Technicians at the Rubber Research Institute of Malaysia are now battling to prevent any further decline in what was once the country's premier industry.

The traditional method of extracting latex, the milky white raw rubber liquid, is for the tapper to use his "jebung" or tapping knife to cut a groove at about 45 degrees round a quarter or half section of the tree.

The process requires considerable skill. The cut must not be too deep or the wood or cambium of the tree will be damaged. The cut must also be done in such a way as to allow a steady flow of latex into the collecting vessel.

In the conventional system, tapping takes place every other day. It is carried out in the early morning when the pressure which forces the latex out of the tree is at its strongest: a skilled tapper can tap between 400 and 700 trees in three hours. He then returns to collect the latex and take it for processing into rubber bales at the factory.

RRI calculates that labour now accounts for about 70 per cent of rubber production costs. The tappers – many of them descendants of Tamil workers imported from southern India and Ceylon, now Sri Lanka, by the British – are an ageing group. Rubber plantations are hot and often full of insects: most young people prefer factory or office jobs.

A new method of mechanised tapping could provide the answer to many of Malaysia's problems. Under the new system, a battery-driven machine the size of a computer keyboard – remote control may be introduced later – and fitted with a timing device, is tied to each tree, running round the trunk on a notched wire. Every 24 hours, a small needle is pressed into the bark, starting a latex flow.

'Puncture tapping could be one of the ways to preserve our rubber industry. It can be left on the tree for a year and checked occasionally by the latex gatherers. Manual tapping could be eliminated'

"Puncture tapping could be one of the ways to preserve our rubber industry," says Zahid Mohammad, a researcher at RRI's 1,300-hectare experimental station at Sungei Buloh outside Kuala Lumpur. "It can be left on the tree for a year and checked occasionally by the latex gatherers. The difficult business of manual tapping could be eliminated."

But the puncture-tapping method has its difficulties. The latex flow is not so strong as with the conventional cut method. Various stimulants therefore have to be given to the tree. One version of the machine comes with a small gas canister attached. At intervals, the gas is funnelled into the tree to stimulate latex flow.

"The trees are very like humans," says Zahid. "The latex is like the blood flow. In the same way that you have to squeeze the arm and find the right vein to get a good blood sample, so we have to establish the right place to puncture the tree and apply the right stimulants to encourage the flow."

Malaysia has about 1.8m hectares of its land planted with rubber, amounting to about 700m trees. If the machines are mass produced, RRI calculates that the cost of each will be less than M$5 (£1.30). But RRI realises that the machines do not provide all the answers.

Only about 20 per cent of Malaysia's rubber production comes from plantations – the rest is carried out by many thousands of smallholders with individual plots of between one and two hectares. Smallholders tend to be considerably less efficient than the plantations and they are resistant to change.

Some time ago, RRI invented a motorised tapping machine. The tapper would cut the tree in the conventional way but could work much faster, covering nearly 1,000 trees in a morning. But machines distributed by RRI were not serviced properly by the smallholders and, at M$250, were considered to be too expensive.

While RRI continues to look at other machine-driven methods - including the possibility of using robot machines to work up and down the rows of trees – it is also working on other projects.

At one time, rubber trees had to be left to grow for eight years before tapping could start. Now, trees of between four and five years are producing latex.

Through cloning and seed research, it is hoped to bring the maturation period down still further, while preserving the existing production lifespan of more than 30 years.

PEOPLE

Seelig and Hawley resurface at Hay

Almost a year to the day since the Guinness trial in which he stood accused of fraud and false accounting collapsed because of his impaired mental health, former corporate finance star Roger Seelig (right) has picked up his first new directorship of a public company – a small, struggling, engineering concern called Norman Hay.

Peter Hay, 42, who becomes chairman, stepping into the shoes of his brother Anthony, 56, says he has known Seelig socially for the past three or four years. "Call me you foolish if you like," he says, "but I believe it is quite a coup for a small company like ours. He was a guy of enormous talent and I have nothing but respect for his brilliant mind."

At the same time, Hay is bringing in as chief executive 47-year-old Mel Hawley, who stepped down as chief executive of Haden MacLellan Holdings, an engineering company with a market capitalisation eight times as big, at the beginning of this month after only a year in the position. Hay thinks that while HMH has suffered severely during the recession, Hawley had previously proved he was "somebody used to making companies grow". Anthony Hay is stepping down because of ill health but will remain on the board in a non-executive capacity.

Hay expects a pre-tax loss of at least £2.2m for 1992, partly as the result of delays and unexpectedly high costs incurred in relocating from

Heathrow to Coventry. With his involvement in the development of near-by Stockley Park, Seelig's first task will be to find ways of generating income from the 7½ acre site by the tunnel entrance to Heathrow that Norman Hay is now left with. "As the business stabilises and we are ready to acquire, Roger the grand tactician will then come to the fore. I hope he can prove himself again at Norman Hay," says the new chairman.

The 47-year-old former Morgan Grenfell corporate financier acknowledges this is "a tiny step" in his rehabilitation, but claims other appointments are to follow. "One of the gratifying things about the past six years has been how senior people – chairmen and chief executives – have stayed in contact throughout. To suggest I have become a hillbilly – even if I farm part-time – is not right," Seelig said from home yesterday.

Barker boards at Resort

Tim Barker, deputy group chief executive of Kleinwort Benson and a former director general of the Takeover Panel, has accepted his first outside directorship and is going on to the board of Resort Hotels as deputy chairman.

He replaces David Tonkinson, 66, who has been a non-executive director of the mid-market hotel chain since 1987, becoming deputy chairman the following year. Tonkinson, a former managing partner of the Brighton office of Grant Thornton, stays on the board. "With the current Cadbury recommendations, he was happy to stand aside for someone with as much prestige as Tim Barker," says managing director Robert Feld.

Feld adds that it is intended Barker should replace Dick Strong as chairman around the end of this year. Strong, 63, had a venture capital background – having been a director of Charterhouse Development Capital Holdings – but Feld says that it was now appropriate for someone with quoted company experience to come on board. Barker, 52, was head of corporate finance at KB between 1986 and 1990.

Last November, Resort's share price had slumped as low as 16p – persistent selling by one institutional shareholder, says Feld – but it has since recovered, closing yesterday 5p stronger at 52½p despite the shares going ex-dividend. The focus in coming months is to clear up any uncertainty concerning the acquisitions of Country Resort Hotels and County Resort Hotels and to win new management contracts, according to Feld.

Finance moves

■ **Connal Rankin** has been appointed a general manager international of The HONGKONG AND SHANGHAI BANKING CORPORATION; **Robert Tennant** succeeds him as general manager group human resources. **Stephen Green**, group treasurer for HSBC Holdings, has also been appointed a general manager.

■ **Noel Lawson**, head of compliance and internal audit of Nomura International, has been appointed general counsel and director of compliance at LONDON FOX.

■ **Ian Wade**, chairman of the private client division of Albert E Sharp, has also been appointed deputy chairman of ALBERT E SHARP HOLDINGS.

■ **Robert Walther**, investment director of Clerical Medical, has been appointed deputy chairman of CLERICAL MEDICAL INVESTMENT GROUP.

■ **Yagnish Chotai** has been promoted to director of GRESHAM TRUST.

■ **William Babtie**, formerly business development director at James Capel Fund Managers, has been appointed director, business development at KLEINWORT BENSON Investment Management.

■ **Leslie O'Malley** has been promoted to md of TULLETT SECURITIES.

■ **Peter Scaife** has been appointed md of Henry Ansbacher Holdings and chief executive and a deputy chairman of HENRY ANSBACHER & Co.

■ **Ralph Walrond**, formerly LLOYDS BANK'S area director for Warwickshire and Solihull, has been appointed chief registrar; he replaces **Dennis Holt** who is appointed regional executive director for the south west.

Tories' new treasurer

Charles Hambro is to be the new senior honorary treasurer of the Conservative Party and chairman of a new board of treasurers as from April 1. He succeeds Lord Laing of Dunphail, life president of United Biscuits, who will have completed five years in the role.

Charles Hambro, 62, is chairman of Hambros and a former chairman of Hambros Bank; he is also chairman of the Guardian Royal Exchange Assurance, a director of P&O and Taylor Woodrow, and a trustee of the British Museum.

■ The City Group for Smaller Companies (Cisco) hopes to get more than a foot in the doors of Whitehall with the appointment of its first president, Lord Clark of Kempston.

Lord Clark's connections after more than 30 years in parliament are expected to give added weight to Cisco's proposals on smaller company requirements. The group was launched last year, following Stock Exchange proposals to dismantle the Unlisted Securities Market, and aims to protect the interests of smaller companies in the City.

Richard Balarkas, Cisco's chief executive, says Lord Clark's involvement will allow the group to "get directly to the ministers involved".

A former Tory MP with a career stretching back to 1959, Lord Clark, 70, has served variously as deputy chairman of the Conservative Party, front-bench spokesman on trade, finance and economics, and chairman of the Conservative back-bench finance committee. Most recently, Lord Clark was on the committee investigating alleged malpractices at the Lloyds insurance market. He was promoted to the House of Lords last year.

Lovely space, shame about the content

William Packer reviews 'Young British Artists II' at the Saatchi gallery

It is a pleasure to visit the Saatchi Collection, to pass through those heavy grey steel doors into that bare, white courtyard, with its blind turn down to the left – just the way a latter-day Cocteau would lead us down again into the Underworld. Don't look back. Through another blank grey door into the clear lobby and still the place keeps its secrets. Only when we turn to the right, and step down into a vast, whiter, brighter space, does the full shock of the place strike us like a blow.

We are in what is not only one of the largest and most beautiful exhibition spaces that I know, but also, perhaps, the most remarkable. To enter it is not merely to see it, but actually to feel it, with a palpable *frisson* of sensibility. Workshop or whatever before its conversion, it is now the perfect place for showing art, or shewing anything. A Rembrandt, a bowl of fruit, a pair of legs or a bicycle wheel would look as well in that sharply focused, undistracted and celebratory light. Here perhaps lies the problem, for to celebrate is not always to discriminate. And what of the art?

Four young British artists are in this latest show. They share no common interest or practice, yet there is a certain character in common, that says rather more about their imaginative conditioning than about the particular nature of their work. In each case, the idea, the concept, comes first, with the means of its expression or realisation merely a secondary and technical, in the case of the sculptors, highly technical consideration.

The work does not change and develop its process. The artist does not respond intuitively and directly to what is happening under his hand. There is no sense of discovery or surprise, of the artist doing more than he imagined, going so much further than he anticipated. All is organised, thoroughly professional.

Sarah Lucas finds her imagery in the tabloid press at its most flagrantly extreme, in its pandering to carnal appetite and its particular treatment of women as sexual objects. The chosen images are amplified by photocopy and collaged onto large canvases with but little other intervention on the her part. She also shows assortments of objects set out on tables, of ambiguous but evidently potent significance. She is operating, we are told, "as an aesthetic terrorist, pillaging mainstream culture . . . monitoring the sexism and misogyny routinely found there."

Rose Finn-Kelcey offers two quasi-industrial installations, one warm, one cool. A refrigerated cabinet, large enough to walk into, contains an object like a small sentry-box or up-ended coffin made entirely of ice-cubes. And, in a darkened side-gallery, steam rises from a broad metal base to the matching ventilator hood above, a swirling, untidy mass of vapour caught in the spotlight. For the artist thus to be intrigued by evanescent material is not in itself unreasonable, for art is ever teased by the fleeting moment, experience caught even as it passes. Here she has yet to move beyond the merely technological demonstration – an ice-box preserved in an ice-box: the production and containment of a cloud of steam.

Marc Quinn has poured some nine pints of his own blood into a mould taken of his own head, after the normal method of the life-cast, and which he now preserves in the refrigerator as his frozen self-portrait, as permanent as the power supply. A life-cast is, well, a life-cast, a purely technical exercise that involves no modelling nor self-scrutiny whatever, but only a degree of practical care. The only point that might raise the piece above the banal is that it is made of blood. It is certainly an arresting if macabre side-show, but is it anything more? "By casting his own substance in a mould of his own features, Quinn resolves a key sculptural issue – the relationship between form and content." Hmmmmm.

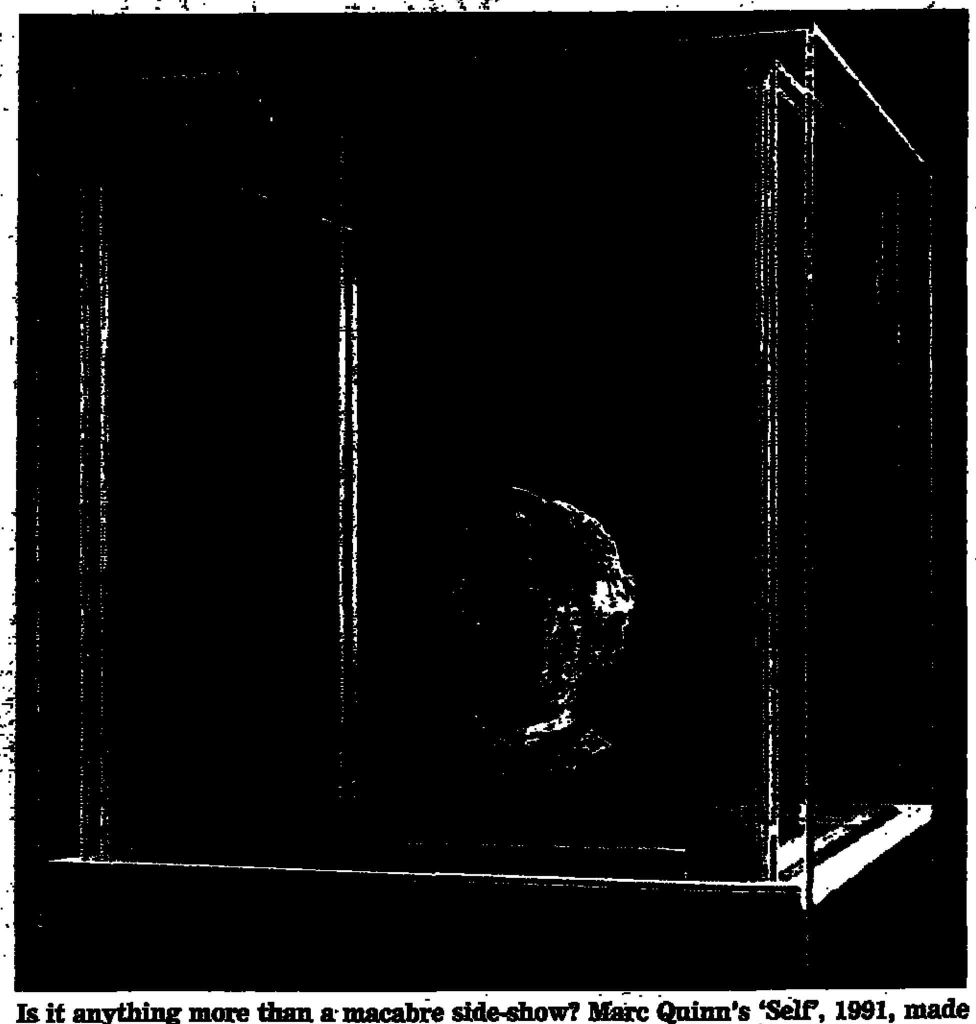
He has also cast series of heads in bronze or lead, that are pastiches upon the baroque virtuosity of a Houdon or a Roubiliac. But who would dare to risk such a comparison too far? Quinn models his heads of Marie-Antoinette or Louis XVI in dough, which rises in the baking and is distorted in the rising, before making his definitive mould. Image without responsibility, the perfect let-out. The pity is that these objects, carried off as they are with some considerable panache and flair, suggest that with a more substantial initial commitment to the modelling, something more substantial might be achieved.

Mark Wallinger shows two series of large paintings, one, called "Race, Class, Sex", of thoroughbreds standing at Sheik Mohammed's stud at Newmarket, the other, "Capital", of down-and-out characters standing in front of the anonymous brass doors of City banks. The gloss is earnestly correct, in its worrying about bloodlines, the economics of breeding, and the sociology of ownership and the sport itself. The down-and-outs (Wallinger's friends dressed down) present the inevitable contrast between poverty and affluence to an unfeeling world.

Oh dear. The pity here is that Wallinger is in prospect a better painter than he allows himself to be with his attitudinising, his "investigation of the traditional genres of oil-painting", his firing-off at obvious, simple-minded social targets. He does everything from photographs, which is nothing if not a distancing device. He loves horses and racing, but we shall never know it until he begins to respond directly and unselfconsciously to what he sees and feels.

It is never the moralising that makes the art. Velasquez painted the Court Dwarfs, as discomfiting a subject as could be imagined. But he painted them as they were, as he saw and knew them, and left them at that. They stand among the greatest images of humanity ever painted.

Young British Artists II: the Saatchi Collection, 98a Boundary Road NW8, through Spring and Summer 1993: open Fridays and Saturdays, or by appointment



Is it anything more than a macabre side-show? Marc Quinn's 'Self', 1991, made of blood, stainless steel, perspex and refrigeration equipment

Scene from Richard Jones's new production for the Muziektheater: typically bizarre, invigorating and full of panache

Opera in Amsterdam/Richard Fairman

Der fliegende Holländer

There was at least one notable turn-around in the balance of payments during the 1980s. After a decade or more in which Britain regularly imported opera producers from overseas, usually Germany both East and West, the trade is now starting to go in the opposite direction – British producers are increasingly to be found at work in the opera-houses of continental Europe.

The Muziektheater in Amsterdam has proved among the keenest to sample the British product. The new production of *Der fliegende Holländer*, which opened there at the end of January, is by Richard Jones, probably the most quirky British talent of his generation. We have come a long way since the political Wagner of the East Germans, which was starting to become so predictable a few years ago. This whole evening was typically bizarre, invigorating, full of panache.

It also looked stylish. In Nigel Lowery's designs the theme of the Dutchman's picture, which has obsessed Senta, was applied to the opera as a whole. The stage itself was encased in a giant frame and every scene within it took the form of a black-and-white line drawing – a quite dazzlingly effective idea, although it was a shame that the changes of set were so cumbersome. A better feeling for the technical side of theatre was needed here.

The only character to be seen in colour throughout was the Dutchman, in an appropriate, deep-sea blue. Senta was most definitely restricted to drab greys from the outset. For in this production she has become the archetypal Plain Jane, her bearing hunched, her hair hanging lifeless, resentful, defensive, obsessive, the object of spite and ostracism on the part of the other girls in the spinning factory: a right odd-ball, in fact.

On her stooping shoulders rested all that this production had to say and it was thanks to Kathryn Harries's brilliant portrayal that it said it with such conviction. The meeting between her and the Dutchman was the high-point of the evening. In no other staging have I understood so well the feelings that overwhelm Senta, as she is faced in real life with the man she has idolised in his portrait for so long. This was an powerful confrontation and it hardly mattered that Harries's soprano only has an intermittent hold on sure focus and beauty of tone.

Wolfgang Schöne's Dutchman, a Nordic traveller with long, blond hair, was nothing like so individual a character. One sensed he was there merely to act as a catalyst in the fulfilment of Senta's destiny, rather than vice versa, as would seem to be the case from the story. Nevertheless, he sang with sufficient power and clearer German words than most of his colleagues. Kenneth Garrison was the unsubtle, full-steam-ahead-on-each-note Erik; Artur Korn sang Daland and Glenn Winslade an appealing Steersman.

It would be nice to report that the musical side of the evening had the same strength of purpose as the dramatic, but that was not really so. Christof Perick encouraged the right blended Wagnerian sounds from the pit, but there was not the dynamism that can make this relatively early Wagner score exciting, nor the ability to drive home the big moments. The men's choruses, so important a feature, lacked certainty of attack too often.

Perhaps some of the stage business put them off. For the spinning chorus the ladies had no spinning-wheels, but wiggled their fore-fingers in the air; the sailors had no ropes to pull on and were left performing physical exercises. Before she met the Dutchman, Senta fell through his picture and returned dressed in blue. In another twist the brightly-coloured pictures of fish which hung on the wall at the beginning had turned into black-and-white fishbones by the end.

All very amusing and strange, but then that was half the fascination of the evening. British Wagner is set to be a far less predictable commodity.

Performances continue at the Muziektheater until February 21

Concerts/Alastair Macaulay

Mr Dowland's Musicke

The Consort of Musicke presented three concerts last weekend in celebration of one of our finest composers: "The Renaissance Triumphs of Mr Dowland." One of the striking factors was how much of the music dealt with love. Love's pain, love's reward, love's despair, love's wound, love's constancy, love-in-death, and more: courtly love in all its changing moods. So said the words, some by Anon. (in top form), some by Petrarch, some by Tasso. Amor, amor, amor; and Dowland and his contemporaries addressed it with the full breadth and intensity of the Renaissance mind.

How odd, though, to hear these songs sung by the Consort of Musicke's six singers. The emotion that consumed Paola and Francesca, or Romeo and Juliet has never touched these voices. The two sopranos, two tenors, one alto and one bass aim, it would seem, at some notion of chaste angelic purity. Theirs is a lean, well-scrubbed, holier-than-thou sound, an imitation of Paradise as glimpsed from King's College Chapel, Cambridge, and desperately prepubescent. Such voices are not only bent on heaven, but also on passing en route through the eye of a needle. All flesh has been painstakingly pared away.

The first concert placed Dowland, ingeniously and fascinatingly, in context of his European contemporaries by taking us through the cities he visited, and giving his songs in context of those composed at the same time in Paris, Brunswick, Kassel, Venice, Ferrara, Florence and Copenhagen. The academic French preoccupation with neoclassical fusion of rhythm, words, melody and harmony and the new Italian emphasis on dramatic utterance were the two currents that emerged most forcefully. Anthony Rooley, the Consort's director and lutenist, provided amiable, semi-audible narration.

The second concert was all Dowland; the third involved all his English circle. There is a devout audience for the Consort's way of putting over Dowland & Co; at the second concert, even standing room was packed. I was aware that my dissent is exceptional; you could sense the family feeling between musicians and house. Nonetheless, the second concert still sounded to me like Dowland as conceived in a latterday English nursery. The few songs that omitted mention of love addressed death, and the singers became dutifully solemn. But the sounds of adult morbidity was as absent as erotic affliction had been.

At the first concert, Emma Kirkby, the Consort's most celebrated singer, was absent with a cold; at the second concert, the tenor Joseph Cornwell was absent. To my ear theirs are the Consort's most relaxed voices. Cornwell's tenor is the best-nourished; it has calm and sweetness. Kirkby, even when under the weather, has real brightness. It is peculiar to hear her voice beside that of her fellow-soprano, Evelyn Tubb: Kirkby sounding like a bright little cherub, Tubb like a contrived and plaintive treble choirboy.

And it is peculiar to hear how often Consort singers – Tubb most obviously, but Kirkby and others sometimes too – try to direct their voices just *beneath* important notes. You drain the voice of any of the natural vibrato evident elsewhere and you try to sing the emphatic notes ever so slightly flat – as if this made things more expressive. I love these songs, but two concerts of this singing was more than enough; and I absented myself from the third.

Recital

Emanuel Ax

On Sunday afternoon in a well-filled Queen Elizabeth Hall, Ax offered a curiously salon-ish, undemanding programme: three French standards, and Schumann's *Carnaval*. After his distinguished account of Schoenberg's piano concerto with the Philharmonia, just two months ago, it promised a piquant contrast. Ax is never less than a thoroughbred musician, but it should have been more interesting than it was.

He began with Debussy's early suite *Pour le piano*, which used to be the party-piece of many a lady pianist. Though he made it shapely and well-balanced, a party-piece was just what it failed to sound like; its "cheap thrills" (very effectively designed by the composer) were rendered tasteful to a fault. To Ravel's *Valses nobles et sentimentales* Ax brought plenty of thoughtful delicacy, often a pleasure in itself; but music-box echoes – which can be charming in two or three numbers, by way of contrast – were too pervasive by far.

In the advertised programme, this first half would have culminated with the Sonata of Henri Dutilleux, a fine virtuoso work that still waits in the wings of the repertoire. Excellent planning; but incomprehensibly, Ax chose to replace it with Franck's Prelude, Aria and Finale, at the best of times a worthy, musty affair. Occupying the dead centre of the programme (and "dead" was the word), cruelly preceded by Ravel and Debussy, it sounded a damp academic squib.

Musically speaking, nothing was wrong with *Carnaval* after the interval. Ax dealt out Schumann's mischievous hand of cards with careful tenderness. Without the least sense of mischief, however – e.g. in "Harlequin", and "Reconnaissance"; nor was there any cajoling brilliance in Ax's "Papillons" or "Paganini", nor did his expert Finale ever risk going into a reckless whirl. Exciting performances of *Carnaval*, and even memorable ones, are not so rare; this one set a tame, honest seal on a recital that ought to have been much more fun.

David Murray

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight and tomorrow: Hartmut Haenchen conducts Netherlands Philharmonic Orchestra in works by Mendelssohn and Tchaikovsky. Tonight in Kleine Zaal: Roberta Alexander song recital. Tomorrow in Kleine Zaal: Sigiswald Kuijken and Gustav Leonhardt play Rameau. Thurs (also Fri in Groningen and Sat in Utrecht): Stanislav Skrowaczewski conducts Royal Concertgebouw Orchestra in works by Prokofiev, Lutoslawski and Respighi.

Fri: Haenchen conducts Netherlands Philharmonic in works by Bruch and Tchaikovsky, with violin soloist Marieke Blankenstijn. Sat afternoon: Edo de Waart conducts Radio Philharmonic Orchestra in symphonies by Straesser and Mahler, with Charlotte Margiono soloist in Strauss' Four Last Songs.

Sun: Alfred Brendel piano recital. Mon: Julian Bream. Feb 24, 25, 26: Haitink conducts Royal Concertgebouw (6718 345)

Beurs van Berlage Thurs and Fri (also Sun afternoon in Concertgebouw): Vassili Sinaiski conducts Netherlands Chamber Orchestra in a programme of music composed in 1942/3, including Britten's Serenade and Honegger's Second Symphony (6270 466)

Muziektheater Tomorrow, Fri, Sat: Dutch National Ballet mixed bill, with choreographies by Martha Graham, Ted Brandsen and Balanchine (in repertory till March 3). Thurs and Sun afternoon: Christoph Prick conducts final performances of Richard Jones' production of Der fliegende Holländer ,with Wolfgang Schoene and Kathryn Harries. March 1: first night of Monteverdi's Ulisse (6255 455)

PARIS

DANCE/OPERA

Théâtre de la Ville Nederlands Dans Theater: four choreographies by Jiri Kylian, daily till Sun (4274 2277). Feb 23-27 at Palais Garnier: Pina Bausch Tanztheater Wuppertal (4017 3535)

Châtelet La traviata: Antonio Pappano conducts Klaus Michael Gruber's production, with Giusy Devinu and Veronica Villarroel alternating as Violetta. Tomorrow, Thurs, Sun and Mon, also Feb 24, 25, 27, March 1, 2 (4028 2840)

Opéra Comique Ascanio in Alba: Mozart's serenata teatrale, final performances tomorrow and Fri (4286 8883)

Opéra Bastille Un ballo in maschera: Dennis O'Neill, Philippe Rouillon and Gabriela Benackova head the cast in Nicolas Joel's production, conducted by Thomas Fulton (final performances tonight, Thurs and Sat).

Les Contes d'Hoffmann: Francisco Araiza takes over the title role in Roman Polanski's production, conducted by John Nelson (tomorrow, Mon, next Thurs and Sat). A new production of Benvenuto Cellini opens on March 6 (4001 1616)

CONCERTS

Salle Pleyel Tomorrow and Thurs: Matthias Bamert conducts Orchestre de Paris in works by Ligeti, Liszt, Weber and Brahms/Schoenberg, with piano soloist François-René Duchâble .Fri: Marek Janowski conducts Orchestre Philharmonique de Radio France in Mahler's Seventh Symphony (4563 0796)

Théâtre des Champs-Elysées Thurs: Jiri Belohlavek conducts Orchestre National de France in Mahler's Kindertotenlieder (Brigitte Fassbaender) and Beethoven's Ninth Symphony. Fri: Christa Ludwig song recital. Sun morning: Igor Oistrakh (4720 3637)

JAZZ/CABARET

Lionel Hampton Jazz Club American organ and trumpet virtuoso Joey DeFrancesco, master of swing, daily till Sat, music from 22.30. Feb 22-March 6: Luther Johnson and the Magic Rockers (Hôtel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

Bastille Studio Feb 19, 22 and 26 at 18.30: Daniel Humair hosts the latest of the Bastille's Carte Blanche series, in which a leading jazz musician devises a programme with guests of his choice (4001 1616). Feb 23-27 **at Theatre de la Ville:** Ute Lemper (4274 2277)

BRUSSELS

Palais des Beaux Arts Tonight: Arditti String Quartet plays music by Beethoven, Shnitke and Bartok. Thurs: Anne Sophie Mutter violin recital. Mon: chamber music by Ravel and Shostakovich (507 8200)

Théâtre National Daily till Sun: Ibsen's John Gabriel Borkman, directed by Luc Bondy (217 0303)

* Feb 24 at **Chapelle Royale:** Elinor Bennett performs harp music and folk songs from Celtic countries, including medieval harp music from Wales and works by contemporary Wesh composers (502 5909).

Feb 28 at **Monnaie:** world premiere of new opera by Philippe Boesmans (219 6341)

WASHINGTON

KENNEDY CENTER

Eisenhower Theater Washington Ballet presents a mixed bill daily from Wed to Sat, with works by Toer van Schayk, Nils Christie and Choo-San Goh (202-467 4600)

Concert Hall Neville Marriner conducts National Symphony Orchestra in works by Berlioz, Respighi and Rimsky-Korsakov on Thurs, Fri, Sat and next Tues (202-467 4600)

Opera House Eva Marton sings the title role in Washington Opera's production of Turandot, opening on Sat (also Feb 24, 28, March 2, 5, 8, 13). Feb 27: first night of The Cunning Little Vixen (202-467 4600)

Baltimore Symphony Orchestra Thurs and Fri at **Joseph Meyerhoff Symphony Hall:** David Zinman conducts Bach's Magnificat and Stravinsky's Oedipus Rex, with soloists including Tatiana Troyanos and John Aler (410-783 8000)

THEATRE

* The Comedy of Errors: Shakespeare's play directed by John Retallack. Till March 14 (Shakespeare Theater at the Lansburgh 202-393 2700)

* The Good Times Are Killing Me: Lynda Barry's play about the friendship of two pre-teen girls, one black and the other white. Till March 21 (Fords Theater 202-347 4833)

* It's the Truth, If You Think It Is: Pirandello's mystery thriller directed by Liviu Ciulei. Final week (Arena Stage 202-488 3300)

* What the Butler Saw: Joe Orton's wicked farce. Final week (American Showcase Theater 703-548 9044)

JAZZ/CABARET

Blues Alley Jazz Supperclub Tonight: John Blake Quintet. Tomorrow till next Mon: Herbie Mann, flute. Feb 23-28: Betty Carter (1073 Wisconsin Ave, in the alley, 202-337 4141)

Barns of Wolf Trap Tomorrow: The Seldom Scene, bluegrass band. Thurs: Charlie Byrd and Pete Kennedy, guitar. Fri: Liz Story with Joel DiBartolo, jazz-inspired piano and bass. Sat: String Trio of New York, jazz guitar, bass and violin. March 2, 3: Cleo Laine and John Dankworth (703-255 1916)

CHICAGO

Orchestra Hall Thurs, Fri, Sat: Kenneth Jean conducts Chicago Symphony Orchestra in arrangements of chamber works by Beethoven and others. André Watts is piano soloist in next week's concerts (435 6666)

ZURICH

Opernhaus The main event this week is the premiere on Sat of Ruth Berghaus' new production of Der Freischütz, conducted by Nikolaus Harnoncourt (repeated next Tues, Thurs and Sat, in repertory till March 27). The cast includes Inga Nielsen, Gösta Winbergh and Matti Salminen.

Tomorrow and Sun: Bernd Bienert's production of Nutcracker. Thurs: ballet mixed bill with choreographies by Nijinski, Bienert, Arthur Saint-Léon and Jorma Uotinen. Fri: Madama Butterfly. Sun afternoon: Il barbiere di Siviglia with Ann Murray. Next Mon: Alban Berg Quartet. March 1: Christa Ludwig song recital (262 0909)

Tonhalle Sun: Viktoria Mullova violin recital. Mon: Alexander Lazarev conducts the Bolshoy Orchestra (261 1600)

European Cable and Satellite Business TV

(all times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0700; 22.30

MONDAY

Super Channel: West of Moscow 1200.

Super Channel: Financial Times Reports 0630

THURSDAY

Sky News: Financial Times Reports 2030; 0130

FRIDAY

Super Channel: European Business Today 0700; 1200; 2230

Sky News: Financial Times Reports 0530

SATURDAY

Super Channel: Financial Times Reports 0830

Sky News: West of Moscow 1130; 2230

SUNDAY

Super Channel: West of Moscow 1830

Super Channel: Financial Times Reports 1900

Sky News: West of Moscow 0230; 0530

Sky News: Financial Times Reports 1330; 2030

Slicker in the City

Warburg is re-evaluating its strategy to compete globally, writes **Robert Peston**

"We will never go deeper into the gutter than anyone else, but by our lights we will be relatively aggressive," said the Earl Cairns, chief executive of S G Warburg, the UK's most ambitious investment bank.

He was responding to a report that a US rival had not been playing fair – a Warburg director had complained that an American securities firm it was working with had been "pinching" Warburg's corporate finance ideas and passing them off to a client as its own.

Lord Cairns' remark sums up a dilemma faced by Warburg in deciding its next moves in a long-running strategy to become a genuinely international investment bank. At the moment, the most successful international houses, on many measures, are American – such as Goldman Sachs, Morgan Stanley and First Boston (with its London affiliate, Credit Suisse First Boston).

The challenge for Warburg is how to become more globally competitive without abandoning the valuable European traditions and practices responsible for its 30 years of primacy in London. As the chairman of a rival UK securities firm said: "Warburg has got to be careful not to throw the baby out with the bathwater."

Lord Cairns' goal is clear. "We want to be a European version of whatever they [the leading US firms] are." American rivals have very profitable domestic operations, just as Warburg has a powerful UK operation. But they have a bigger share of international capital markets business, ranking ahead of Warburg in league tables for the issuance of Eurobonds, other debt securities and equities distributed in more than one country.

Warburg insists it is not interested in market share, but in profitability. However, on this measure too, it lags behind many American competitors.

Despite growing challenges, Warburg remains the most successful of the UK's integrated securities houses. Over the past seven years, it has outperformed firms such as Barclays de Zoete Wedd, County NatWest and Kleinwort Benson in penetrating overseas markets, and has been more profitable.

However, the performance of its global investment banking business looks less impressive if the high returns earned by Mercury Asset Management, the leading fund management group which has been partly demerged from Warburg, are ignored. Without the inclusion of Mercury's earnings in calculations, Warburg's profits as a percentage of its shareholders' funds – or its return on capital – has exceeded 20 per cent only once in the past five years. Otherwise the return has varied between 14 per cent and 16 per cent, until it slipped sharply in the first half of the current year to less than 6 per cent, due in part to some exceptional factors.

"There is no denying we have not had the return on capital which we would have wanted to have and intend to have," said Lord Cairns. His aim is to get it to at least 20 per cent, excluding Mercury.

Warburg would be more profitable if more UK companies used it as a one-stop shop for financial services, as it hoped they would at the time of Big Bang in 1986, when London's securities market was deregulated. But a majority of Warburg's clients still insist that it works either with another broker or another merchant bank on any particular deal. "We can't press the case too hard [for using Warburg on its own], because it sounds like pure self-interest," Lord Cairns said. "We've got to wait for it to catch on."

Lord Cairns: clear goals

A further factor in holding profits down has been Warburg's substantial investments since Big Bang in overseas operations, where 40 per cent of employees are based. "Because of our perception that financial markets will be global, there is a willingness to accept lower returns for a while to establish ourselves in overseas markets," said Lord Cairns.

Lord Cairns became chief executive 18 months ago, taking over many of the responsibilities then held by Sir David Scholey who, as chairman, remains involved in formulating the firm's strategy. Lord Cairns' methods of boosting profits have to a certain extent been outside the Warburg tradition in that they have involved bigger job cuts than in the past.

"Last year we looked at the [costs] of the business very hard," Lord Cairns said. As a result, about 100 UK jobs were axed. There was an uprecedented reduction of about 20 in the corporate finance department, the traditional heart of the firm.

'Warburg has got to be careful not to throw the baby out with the bathwater'

Lord Cairns said this rigorous approach would be continued: "Are we going to continue to look at the business in a more hard-boiled way than in the past? Yes, a bit."

However, some Warburg staff fear a tough job-cutting programme could erode the loyalty of employees and put Warburg's valuable culture at risk. The essence of the culture – which one executive described as "almost Stalinist", though Lord Cairns preferred to call it "slightly Japanese" – is that the good of the firm comes before that of the individual. Long-established practices include never going to meetings with client alone – always in pairs or groups – and extensive note-taking. When telephoning clients, executives often listen in to each other.

But maintaining the cohesion of the firm has become more difficult as its size has increased. In 1981, it employed 660 – and even then the founder, Sir Siegmund Warburg, feared it had become too big. Today it employs 5,090, 75 per cent of whom have joined since 1986.

Nonetheless, rivals agree that a high staff turnover has not dented its professional standards. "Their culture remains one of their major strengths," said a senior executive of a US firm. "In meetings, they are tremendously professional," said a UK merchant banker.

While its professionalism appears to be safeguarded, an important element in Warburg's corporate philosophy is under review. The firm has traditionally avoided taking big positions in shares or securities, because of a concern that this would lead clients to question the impartiality of its advice – and also partly because it regarded trading for its own account as risky.

However, its American rivals take substantial positions in securities and derivative instruments, such as swaps and options, in the knowledge that the risk inherent in one position is being offset by another. The result has been that they have used their capital to make big profits, with comparatively little risk.

Lord Cairns admits that Warburg's systems for controlling the risks of making loans or holding securities and derivative instruments have been less sophisticated than those of US rivals: "We have been too literal in seeing the risks separately. We have not bundled up the risks and measured the combination of them."

He foresees Warburg trading in securities for its own account more often. However, he retains "a natural aversion to getting as far down the line [in holding securities] as the US firms".

For their part, some American firms are delighted at Warburg's cautious approach. One chairman said: "I don't think Warburg can afford its scruples." In its international battle, "relative aggression" may not be enough.

Joe Rogaly

The law is an asset

If he is not careful, Mr Douglas Hurd will be subjected to Lord Salisbury's verdict on the late Mr Iain Macleod – that he is "too clever by half". Or, as old-fashioned British nannies warned their charges: "You are so sharp you might cut yourself." The foreign secretary must have known that this might be the response to yesterday's statement on the bill to ratify the Maastricht treaty. He was at his most persuasive, his dulcet tones confirming that here was a delicate one.

His argument does take some swallowing. On January 20 Mr Tristan Garel-Jones, the foreign office minister responsible for seeing the bill through, said that if a certain Labour amendment – number 27 on the list – was carried, "United Kingdom law would not conform to the provisions of the treaty, so we could not ratify it". Yesterday his boss, Mr Hurd, said that "amendment no 27 would ... not have any effect on the treaty itself ..."

What has happened in the intervening weeks is that the government nearly fell off its perch. Conservative opponents thought that by supporting the amendment they could sink the treaty; Labour enthusiasts for the EC's social programme thought that the amendment would oblige the government to renegotiate the whole deal, and sign up to their beloved "social chapter". The government's lawyers have now come to the rescue. They have done what the best mouthpieces always do in such circumstances. They have thought again. This is hardly surprising: they have a powerful client.

They were wrong on January 20, and right yesterday. For the celebrated amendment simply excludes the protocol on social policy from the bill. That protocol itself excuses Britain from participation in the social chapter, which the other 11 members of the EC have agreed to implement. Either way, there are no legally-binding rights or obligations that affect Britain, so there need be no legislation on this point.

Deleting the protocol would not bring the social chapter into effect in Britain. I cannot understand why the Labour party ever thought it would. It might have wrecked the treaty. The Tory Eurosceptics cannot be blamed for thinking that it could, since in earlier efforts to frighten pro-European Labour MPs off their party's amendment both Mr Hurd and Mr Garel-Jones rammed home that very argument. No longer. "In summary," said Mr Hurd yesterday, "the law officers consider that, while incorporation of the protocol in domestic law is desirable, it is not necessary for ratification or implementation of the Maastricht treaty".

Major may play parliamentary games but he cannot make use of what would be seen as a dodgy constitutional device

Being right this time may not be well received. Labour's amendment was tabled in May 1992; the government should have thought of yesterday's formulation long before now. Yet the penalty may be no more than a prolongation of the irascible season in parliament. In the end Mr John Major must ratify the Maastricht treaty, and he must do it straight. He may play parliamentary games but he cannot make use of what would be seen as a dodgy constitutional device.

These imperatives are self-evident. If the prime minister does not get his treaty through he will have failed in every European endeavour he has undertaken since, as chancellor, he floated the notion of the "hard ecu". Far from placing Britain at the heart of Europe, he would have presided over its collapse into the North Sea. With such a record the question of his survival in office would become irrelevant. There would quite simply be no point to him. Using the royal prerogative in what would be a questionable attempt to side-step parliament might save the treaty, but only at the cost of Mr Major's reputation for honesty and plain dealing. Payment of such a price would leave him politically bankrupt.

Yesterday's statement by Mr Hurd need not have that effect. As the foreign secretary said, the important test is the third reading, when the Commons, if true to past form, will vote overwhelmingly in favour of the bill as it then stands, with or without amendment no 27. The treaty can then be ratified in the name of the Queen. There is nothing odd here. All international agreements of such importance are signed in the names of the heads of the participating states. Sitting at a table in Maastricht on February 7 1992 the German foreign and finance ministers, then Mr Hans-Dietrich Genscher and Mr Theodor Waigel, signed the "Treaty on European Union" on behalf of the president of the federal republic. Chancellor Helmut Kohl's name does not appear; yet his government had to seek the assent of both houses of parliament forwhat were rightly regarded as alterations in Germany's basic law.

It was more complicated in France. Messrs Roland Dumas and Pierre Bérégovoy signed for President François Mitterrand. What followed next was peculiarly French. The "Conseil Constitutionel" ruled that the treaty required changes in the French constitution. Parliament assented to those on May 25 1992. The required majority in such cases is three-fifths of the votes of both houses sitting together. On July 1 the president used his powers to seek ratification of the treaty by means of referendum.

In the US the power to make treaties is vested in the president, acting with the advice and consent of two-thirds of the senate. Even that is not unlimited: the Supreme Court has repeatedly asserted the supremacy of the US constitution over any treaty. If a future president tries to develop the North American free trade agreement into some kind of political union with Canada and Mexico it will be necessary to win the votes of two-thirds of both houses of Congress, plus three-quarters of the states.

Mr Hurd's problem, and Mr Major's, is that in Britain there is no written constitution to tell them what to do. Their bill provides, in three short paragraphs, for the incorporation into British law of the deals done by the government excepting those relating to co-operation in foreign and security policy or justice and home affairs matters. This is logical. Where a law needs changing to suit the treaty, as do the European Communities Act of 1972 and the European Parliamentary Elections Act of 1978, a parliamentary vote is required. Where no change is needed, no new law is needed. The foreign secretary should have been clever enough to have said all that in the first place.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Domination by US in oil services inevitable

From Mr C Paul Hallwood.

Sir, Please allow me to comment on David Lascelles' article, "Still plenty of North Sea life" (February 6) on the the North Sea oil industry. I published a book on the subject a couple of years ago (*Transaction Costs and Trade Between Multinational Corporations: A Study of Offshore Oil Production*). David Lascelles is exactly right. British suppliers of inputs into offshore oil production have made very little impact on the wider world industry which remains dominated by American multinationals.

The reasons are not hard to find. The oil industry originated in the US, with American companies gaining advantages that they have never relinquished. They have fought to sustain their lead effectively, keeping British competitors at bay. For example, my study showed that American affiliates were on average the first to establish themselves in the Aberdeen service base; they predominate in the technological core of the industry; they own the bulk of the industry's patents; and they spend more on R&D.

Moreover, the American affiliates in Aberdeen are small within their respective ownership groups – reflecting the prior globalisation of the parents' activities.

As the British find it so hard to compete on their own turf it is not surprising that they cannot compete elsewhere – they simply come up against the same superior competition and without the benefit of the albeit slim protection afforded by British trade policy towards the industry. British success stories do exist but they are hard to find.

C Paul Hallwood,
31 Sterling City Road,
Lyme,
Connecticut 06371,
US

Procedures, not specifics, give flexibility in Social Chapter

From Mr George Robertson MP.

Sir, The otherwise reliable Joe Rogaly was plain wrong when he described the Maastricht Social Chapter ("The way out for Major", February 12).

The social protocol may say that the 11, excluding Britain, wish to continue down the path laid down by the 1989 Social Charter, but the agreement which is appended, and from which Britain is also excluded, is merely a procedure which extends qualified majority voting to the area of "working conditions". The one-nation veto goes but majorities still have to be laboriously obtained.

The agreement contains no specific provisions. However, it also sets out new procedures under which employers and employees can agree to make agreements between themselves without legislation from the EC. This concept of "social framework agreements" was inserted into the chapter at the specific insistence of European employers in order to get more flexibility in European workplace legislation.

In spite of the constant claims that the Social Chapter would reverse what change there was in industrial relations during the 1980s, the truth is that the Social Chapter specifically excludes mention of pay, strikes or lock-outs.

The increasingly frenetic debate about the Social Chapter has to be based on facts, not propaganda. If it is it will be seen as a sensible, practical complement to the Single European Market – and one which will make it fairer and more effective.

George Robertson,
principal opposition spokesman on Europe,
House of Commons,
London SW1A 0AA

Limitations of economic analysis on road pricing

From Dr Christopher P Raymond.

Sir, Giles Keating's article "Absence of road pricing takes its toll" (February 11) rightly concludes that the practice of charging directly for roadway usage would, if implemented, "...offer a way of slashing the PSBR, while reducing congestion and pollution and creating the base for a world class high technology industry". In attempting to urge this policy on to the British political agenda, the author cites the German government as one body which has already awakened to the "almost overwhelming" economic arguments in its favour.

However, in a separate article appearing in the same issue ("German motorway charge drives into trouble"), the reader is told of deep-felt and widespread opposition to the German road pricing plan. Apparently, even the Greens are opposed to the idea! (According to their rather inane claim, motorists would actually increase highway usage in response to the charges "to get value for money".)

As an economist, I am well acquainted with the theoretical arguments put forward by Mr Keating, and quite sympathetic to his views. One should also, though, be aware of the limitations of economic analysis. As a social science, economics is much better at providing ways to approach problems than it is at finding solutions.

When individuals have preferences only over the goods they consume privately, then one can talk (in theory, at least) about "efficient" solutions to economic problems. But when individuals also have preferences about the method by which those products are allocated (ie of means as well as ends), then economic considerations must be balanced against political ones. Economic arguments notwithstanding, "free" road provision is (by definition) a more efficient system for generating revenue and allocating road space if it is universally preferred to other such systems.

Messy world we live in!

Christopher P Raymond,
The Management School,
Imperial College,
London SW7 2AZ

Explanations on exchange rate needed

From J Ellinson.

Sir, Would it not be timely for the chancellor and the governor of the Bank of England to explain what they meant when they made the following statements?

At the Mansion House (October 29 1992) the chancellor said the government would not ignore sterling exchange rates in judging policy following departure from the ERM.

At the Conservative Party Conference (October 8) Mr Lamont stated that the exchange rate measured by its index against a basket of currencies would remain a significant factor in interest rate decisions (£ index that day 82).

Mr Robin Leigh Pemberton stated on September 29 1992: "If we are to achieve our domestic counter-inflationary goals we cannot afford to ignore the exchange rate."

Taking the £ index as shown elsewhere in your paper, is the exchange rate being ignored? The chancellor should explain – as should the other authorities – that the Treasury will give reasons for interest rate changes after they are made.

J Ellinson,
58 Princes Park Avenue,
London NW11

Best protection against the risk of punitive damages

From Mr Gregory J Thwaite.

Sir, Your analysis of the punitive damages threat to foreign businesses in America raises the right issues, but does not necessarily give the best answer ("The high cost od damaged goods", February 9). Arbitration (the enforceable form of alternative dispute resolution) does not exclude the possibility of punitive damages. The laws of the individual states normally permit an arbitration to award punitive damages, as a court can.

In fact, an arbitration may increase the risk of punitive damages. First, an arbitration panel (normally one or three members) is smaller than a jury (normally 12 members), so the undisclosed prejudices or misconceptions of an individual member have more adverse impact in an arbitration. Second, the award of a jury can be reviewed by a court. This means that the defendant has some pressure to negotiate down the award of punitive damages before the appeal is heard, while the appeal court itself may overturn the entire jury award and order a new trial if there is an error in the trial, or may reduce the award of punitive damages. The award of an arbitration panel cannot normally be reviewed by a court. Third, the more informal atmosphere of an arbitration can be more favourable to an individual than a company, as the company has less scope for attacking the individual's credibility in the cosy environment of a small hearing room.

A good product, cautious marketing, demonstrable corporate integrity and good legal advice at every step are some of the best techniques to protect against punitive damages.

Gregory J Thwaite,
Heuking Kuhn
Herold Kunz Wojtek,
Frankfurt am Main,
Germany

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday February 16 1993

The Middle East prize

IT IS a sad reflection on the Middle East peace process that 16 months after it was launched the first task for Mr Warren Christopher, the new US secretary of state, should be to prod the participants back to the negotiating table.

His trip to the region later this week will be deemed a success if Israel, the Palestinians, Syria, Jordan and Lebanon agree to resume talks, despite Israel's refusal to implement fully UN Security Council resolution 799, which demands the immediate return of the 400 men deported from the occupied territories to southern Lebanon.

But it will have been achieved at political cost to all parties, especially to Mr Yitzhak Rabin, Israel's prime minister, who was forced to bow to US pressure and offer to readmit 100 men in order to stave off the threat of UN sanctions, and to the Palestinian delegation which is daily losing ground to more radical factions in the occupied territories.

The room for manoeuvre by both sides has been reduced by Mr Rabin's ill-considered response to increased violence in the West Bank and Gaza, and it is going to take a bold negotiating initiative to restore optimism to the peace process.

No-one doubts Mr Rabin's credentials as a man committed to the security of Israel. What is now required is greater evidence of his powers of conciliation, through relaxing the often harsh regulations affecting the lives of the 1.6m Palestinians, and by offering a greater degree of self-rule during an agreed transition period leading to the final determination of the status of the occupied territories.

Israel's government has already sensed the size of the prize on offer. Syria, for so long its most unflinching enemy, looks ready to sign a peace treaty if a deal can be struck over the Golan Heights. It is eager to get back to the negotiations in Washington, but does not wish to be seen to be abandoning the Palestinians. Lebanon's relations with Israel depend on the outcome of the Syrian talks, while Jordan can only begin to resolve its bilateral issues once there is progress between Israel and the Palestinians.

It has become increasingly apparent that the Israelis and their Arab negotiating partners cannot achieve this on their own. All sides claim that there will never be a better chance of making peace than with their present interlocutor. Yet substantive issues have scarcely been touched since the talks opened in October 1991. Supported by the lessons learned from previous Egypt-Israeli negotiations, this must lead to the conclusion that without more forceful US involvement the peace process stands little chance of progress.

Tokyo's quick fix

THE JAPANESE government is engaged in a substantial effort to support the Tokyo stock market through widespread government intervention in the financial sector. Its motives are understandable – the level of the stock market is a central determinant of the health of the Japanese economy. But this intervention looks increasingly misguided. The longer the authorities prevent the market from finding its own level, the longer Japan's financial institutions will have to wait before recovery arrives.

Japan's stockbrokers are suffering because they are still geared up for the glory years of the late 1980s. Daily average trading volumes on the Tokyo stock market have fallen from a peak of 1,021m shares in 1988 to less than 200m shares at the end of last year. New issues have dried up.

Buoyant share prices are not only in the interests of Tokyo's stockbrokers. Japanese banks, in the face of mounting bad debts from property loans which have turned sour, must pass the Bank of International Settlement's capital adequacy ratios at the end of this March. But a large share of their reserves are made up of unrealised gains on their equity portfolios.

The fortunes of other financial institutions are also closely tied to share prices. Many smaller insurance companies have virtually no unrealised capital gains left on their equities. They would be desperately short of reserves to pay bonuses to policy holders if equities were to fall further.

Yet a fall in equities is now a real danger. The Nikkei index is drifting listlessly around 17,000. Companies are eyeing the close of their financial year at the end of March. With a fourth consecutive year of declining profits looming for most of them, the sale of shareholdings has become a common tool to boost profits. But a selling spree before March would threaten the banks' chances of meeting the BIS standards.

Little wonder that the government has succumbed to the temptation to try to place a floor under the Nikkei around the 16,000 level. By providing the trust banks with the necessary funds from the public sector postal savings system, the government has become just about the only domestic purchaser of equities. The Ministry of Finance has also exploited its considerable influence over the financial services industry by encouraging insurance companies and other financial institutions not to sell shares before the end of March. Banks are also being discouraged from selling equities.

Yet the government is buying time at the expense of savers and taxpayers while casting doubt on the government's commitment to financial liberalisation. None of the government's ruses can disguise the underlying reason for the market's thin trading – that, with the Nikkei trading on about 55 times earnings, the market still looks high.

There is a better alternative. The Tokyo stock market should be allowed to fall to a level that bears some reasonable relationship to the level of returns in the rest of the world. In order to prevent a fall in share prices provoking a systemic financial collapse, the Bank of Japan should follow the precedent of America's handling of its savings and loans crisis. It should guarantee to provide direct financial assistance to the banks and insurance companies, which will inevitably suffer as their unrealised equity gains evaporate and the underlying balance sheet malaise is exposed.

Only then will investors return to the market, volumes pick up and brokers start to make some money. The government's current attempt to prevent a crisis at any significant financial institution risks distorting Japan's financial markets for years to come. It makes little sense to use the money of ordinary savers to defy financial gravity. The time for such manipulation is past.

Marketing gilts

THE UNDERLYING message of the latest Bank of England survey of the gilt market is the same as that implied by the news that the Bank may allow gilts to be "stripped". It is that selling £50bn of gilts this year is going to be hard work. So the Bank and the Treasury, like modern marketing managers, are segmenting the market for UK government securities and devising versions to appeal to each constituency.

Last year, overseas investors were wooed by making all the new stocks free of tax for them. Impulse buyers were offered 2.30 am opportunities to buy tap stocks, in the rallies that followed Mr Major's victory in the election and defeat in the ERM. Now, institutional investors may be offered synthetic zero-coupon gilts, if securities houses get approval to "strip" the flow of interest payments from gilts.

One potential difficulty – the settlement delays that accompanied the surge in retail investors' demand late last year – has been turned into a marketing advantage. The Bank leaned on gilt-edged market-makers to sort out the problem – a contrast with the much more protracted equity settlement problems at the time of Big Bang.

Other innovations doubtless lie ahead, among them perhaps a recognition that when it comes to financing the deficit, the banks' money is a good as anyone else's.

There are two ways, however, in which the Bank cannot afford to admit that the customer is always right. The survey repeats the Bank's opposition to regular, scheduled gilt auctions, presumably because of the inevitable crises of confidence if the authorities are tied to a rigid timetable.

And the retail customer cannot be offered indefinitely the sure-fire capital gain provided by anticipated interest rate cuts. As last year demonstrates, this ensures eager demand. But, alas, with base rates already down, the scope for further cuts is limited.

One figure in the Bank's report highlights the problems ahead. The degree to which gilts offered at auctions were covered by demand last year ranged from twice to 1¼ times, rather lower than in the year before. As that downward trend illustrates, there is more to financing the deficit than a thorough study of a marketing textbook.

Trouble with the neighbours

Latin America fears a less productive relationship with the new US administration, writes Stephen Fidler

As Bill Clinton settles into the White House, Latin American governments are worried that once again, US policy towards them is taking an unpredictable turn. They often characterise American attitudes as a pendulum swinging from crisis to neglect. Relations have been more consistent – generally bad.

One of George Bush's achievements as president was the improvement of relations with most neighbouring governments. His decision to negotiate a free trade area with Mexico and to open the prospect of free trade with the rest of the region through the Enterprise for Americas Initiative was applauded by Latin governments.

"For us, the Enterprise for Americas Initiative was the most important initiative from the US in 30 years," says Mr Alieto Guadagni, Argentina's secretary for international economic relations.

In contrast, from the Latin American perspective, the Clinton administration has started badly. Governments are worried by the protectionist signals coming from Washington just as they are seeking to expand exports.

They were also disappointed by the choice of Mr Mario Baeza, a black Cuban-American lawyer with little experience of the region, as nominee for the job of assistant secretary for Latin American affairs in the State Department. They became more concerned when Mr Baeza was dropped under pressure from the Florida-based anti-Castro lobby on the grounds that he might be too soft on President Fidel Castro. "It looks as if the only Latin Americans who matter to Clinton are the Miami Cubans," says one academic.

If the pendulum is swinging towards neglect, as Latin American leaders fear, there are dangers. Mr William Leogrande, politics professor at the American University in Washington, says Latin America's problems should be addressed now "before they become such extraordinary crises that all the policy options left are bad ones".

Talk of crisis contrasts sharply with the enthusiasm that has suffused Washington and Wall Street over the past two or three years about the region's prospects.

The excitement was in part justified by the transformation of the political and economic map of Latin America during the 1980s. Elected governments, rather than military dictatorships, are now installed almost everywhere in the region. These governments have opened their economies to foreign trade and capital in the belief that the closed, state-controlled economies favoured by their predecessors were largely to blame for the debt-induced recession of the 1980s.

Economic reforms – aimed at revitalising the market through such measures as privatisation and openness to foreign investment – yielded higher growth and lower inflation in most countries.

But by last year expectations appeared to have run ahead of reality. Says Mr Victor Bulmer-Thomas, head of the Institute for Latin American Studies at the University of London: "If we compare where Latin America is now with, say, two years ago, it's actually in a very satisfactory position. If people are now beginning to get depressed, it's because expectations were built up far too high."

Events of the past 12 months have also reasserted some of the region's perennial problems: authoritarianism, corruption and political violence. There have been two military coup attempts in Venezuela, the suspension of the constitution in Peru, the impeachment of the president on corruption charges in Brazil and the declaration of a state of emergency in Colombia, where the government faces an intensifying struggle against left-wing guerrillas and drugs traffickers.

On the economic front, too, some of the region's success stories have started to look less secure. Mexico, for example, faces the growing problem of financing a current account deficit of $20bn, equivalent to 6 per cent of gross domestic product.

With the euphoria punctured, capital inflows into the region, look set to decline. According to J P Morgan, the New York bank, the flow of private capital into the region is expected to drop this year to $23bn from an estimated $44bn last year.

These developments have uncovered tensions created by the simultaneous attempt to transform political and economic systems. Mr Abraham Lowenthal, director of the Centre for International Studies at the University of Southern California in Los Angeles, says the region's shifts are important but "they are not yet deeply rooted".

Reforms are often implemented by a few senior government officials, and opposed by influential groups such as the military, the bureaucracy, trade unions, political parties and local industrialists who thrived behind the old tariff walls. Their positions are threatened by the decentralisation of power that can result from both political reform – through a more effective popular democracy – and from economic reform, which deprives the state of influence, for example through privatisation.

Net capital inflows ($bn)

	[illegible]	[illegible]	1992*	1993*
Argentina	0.5	[illegible]	10.7	6.2
Brazil	4.6	3.0	7.7	5.8
Chile	3.0	3.0	2.4	2.6
Colombia	0.4	-0.6	0.2	0.0
Mexico	9.5	23.6	19.6	19.3
Peru	0.5	1.5	3.1	2.0
Venezuela	-1.7	3.3	0.4	0.6
Total	16.3	35.8	44.1	23.1

Source: Morgan Guaranty Trust *forecasts

Furthermore, the economic reforms are seen, sometimes justly, as accentuating already-wide income disparities. Two out of five Latin Americans live in poverty – 180m people compared with 130m in 1980. The wealthiest fifth of the population earn 20 times that earned by the poorest fifth, compared with less than 10 times in Asia.

Economic reform has not been unpopular everywhere. In Argentina, for instance, the ending of hyperinflation and the opening of the economy has bolstered the authority of President Carlos Menem. People have been given access to cheaper consumer goods and so far have responded by supporting the government.

But sooner or later, the piper has to be paid by increasing exports. "The model is one of export-led growth; the problem is that in most countries exports have yet to take off," says Mr Bulmer-Thomas.

The difficulties in increasing exports are compounded, however, where the exchange rate is allowed to appreciate in real terms as part of the attempt to fight inflation. This appreciation, a problem both for Mexico and Argentina, makes imports progressively more competitive against home-produced goods. It widens the current account deficit and hurts domestic industry.

In Mexico, vanguard of the region's economic reform movement, some economists think that only further aggressive deregulation will rid the economy of its bottlenecks – its bad roads and ports, inefficient bureaucracy and corrupt law enforcement – to allow it successfully to compete on a international level.

Such reforms will take time, and time may be in short supply. Important clues to the durability of economic reform will be given in the next two years as an intense period of presidential election activity starts. This year, presidential elections are scheduled in Paraguay in May, in Bolivia in June, and in Venezuela and Chile in December.

The elections will highlight the tensions between democracy, economic reform and the power of entrenched interests throughout the region. And while Mr Clinton cannot determine the outcome of events in Latin America, he can be an important influence.

His campaign speeches suggested more emphasis on promoting democracy, which he argued should be the motivating force behind US foreign policy in the post cold-war period. His approach to drugs trafficking – particularly if it focuses on curbing demand in the US rather than on pouring more resources into interdiction in producing countries – may prove more constructive than that of Mr Bush.

But the most important questionmark is over trade, and the new administration's attitudes to the Uruguay Round trade talks and to the North American Free Trade Agreement with Canada and Mexico, negotiated last year and due before the legislatures of the three countries this year for ratification. Mr Clinton has declared himself in favour of Nafta, though he wants some side agreements with Mexico that would protect American jobs and ensure Mexico does not suck in investment because of lower environmental standards. However, the Democratic party is divided over the agreement and Mr Clinton may be deterred from submitting it to Congress for quick ratification.

"The rejection of Nafta at this stage would be a decisive setback. It would deal a severe blow to Mexico's economic reform efforts and strain US-Mexico relations. It would also gut the core of future hemisphere-wide trade relations," says the InterAmerican Dialogue, a Washington-based study group in a report published last month.

Without Nafta, the most potent, tangible expression of closer, more constructive US-Latin relations would be jeopardised. Securing the real gains made over the past few years and preventing a resurgence of authoritarianism and economic nationalism in Latin America would become more difficult.

Myths about ministerial trade missions

PERSONAL VIEW

No businessman or woman invited to join a reasonably senior government minister on a UK trade mission overseas is likely to refuse, especially if it is the prime minister. Most business people believe that such a personal acquaintance with a minister will always come in useful and that, at worst, the minister will learn about their problems. They may not, though, have a great belief in the real value of the visit.

It is very important that ministers are clear about the precise objectives of such missions and how they will affect the decisions of the prospective customers. The visits can provide ministers with the opportunity to find out about the way in which particular industries and their customers operate, provided ministers are not changed too often. Educating trade and industry secretaries in this way over the past 13 years or so – a period of rapid ministerial turnover – would have been a very unprofitable business.

A year or so ago I provided a guide for ministers and their officials on the usefulness of overseas missions, which was given to the relevant departments.

In countries with command economies much business is done on a government-to-government basis. They are becoming fewer in number, but where they exist a ministerial involvement is helpful. Because of the economic state of most of them the deal usually requires some officially subsidised credits.

In tightly controlled countries, such as the Arab oil states, there can be dramatic results from a UK political intervention since most of the decisions are made by one person or very few people. (A good example is the Saudi aircraft contract Al Yamamah 2, in which the prime minister was involved, although his predecessor had already been given credit for securing it.)

In developing countries, which usually have some aspects of command economies, there will be a need for assistance of one kind or another and for credit guarantees. Ministers do not always understand that they will be wasting their time if the aid and credit guarantees are not forthcoming, since it is these aid and credit guarantees that are important, not the minister's presence.

In countries where a new relationship with the UK has opened a previously closed market, or where rapid political or economic change is taking place, it may be necessary to make high-level political contacts in order to understand in what direction and how fast the country is moving before it is possible to assess business prospects (most of the former Comecon countries and others such as Iran, Vietnam, a post-Saddam Iraq when it happens). The presence of a minister as mission leader can be absolutely essential in gaining access to the country's senior politicians and also in demonstrating a UK political commitment to developing trade. Tangible signs of commitment will be required.

Flag-waving has a limited value, and the value of ministers as salesmen can be over-rated

In pluralistic open market economies with fully convertible currencies and individual centres of decision-making, there is almost no useful purpose to be achieved by a ministerial visit (this applies to practically all OECD countries). In many of these countries a company may be set up as a domestic operation and the UK connection may be irrelevant or a potential hindrance. We had to persuade one minister *not* to lead a mission to the US.

There are, of course, cases which do not fit neatly into one of these categories and which need to be looked at individually. The question must be what the minister is going to do, and how he will be able to influence the placing of business with UK firms.

It should be remembered that with the growing internationalisation of business there are countries where British companies will service the market from a third country (eg South America or the Caribbean from the US).

Businessmen like to have active support from their government. But flag-waving has a limited value, and the value of ministers as salesmen can be over-rated. Ministers need to listen carefully to what businessmen tell them about the markets and the competition and the political support which those competitors may be receiving from *their* governments, with or without missions.

Peter McGregor

The author is a consultant to the international construction industry and is former director general of the Export Group for the Constructional Industries.

OBSERVER

U-turn was noted

■ In one area, at least, we now know that the Bank of England takes orders from no one. "It was our decision. You can't blame the Treasury for this one." Thus an official from the Old Lady yesterday owning up to the redesign of the £5, £10 and £20 notes.

The chancellor of the exchequer, in his capacity as master of the Royal Mint, may look after our coinage, but in the design and issue of banknotes the Bank is sovereign. Nor is it reversing a mistake, the same official avers – the U-turn merely demonstrates its capacity to respond to the public.

Whatever, the *volte face* is welcome news for De La Rue, the world's leading private sector banknote maker. The company would love to see the Old Lady's responsibility for note printing transferred to the private sector, and claims some Treasury support for the idea.

Observer understands that it therefore proposes to make liberal use of the Bank's setback in its campaign to broadcast the merits of private banknote printing.

De La Rue says that its Gateshead printing works, where it produces banknotes for the Scottish clearers, operates at twice the productivity of the Bank's Essex printing works.

The Bank refutes the argument, but since it remains coy about its production details, whom are we to believe?

Inflated price

■ Meanwhile, news that the Bank of England's brand new inflation report will be on sale at all "good" bookshops from 5.30 tonight raises some interesting possibilities. Presumably, someone at the Bank has done a little bit of retail price maintenance research to make sure that if the £4 tome does get transferred to the remaindered pile, its price is not quickly devalued. What chance of Norman Lamont signing a few celebrity copies?

Polling error

■ Perhaps the most ignominious part about George Vassiliou's defeat in Cyprus's presidential elections is that his own Middle East Marketing Research Bureau failed to predict the outcome.

Admittedly, it was a close-run affair, with Vassiliou – the incumbent and favourite – beaten by just 1,988 votes. Even so, his polling team had forecast that he would win by a margin of at least 4 percentage points. What made it worse was that the bureau had produced the only accurate forecast for the first-round ballot.

As Vassiliou has no political party of his own, he will probably return to running his old company. However, there could be a happy ending. When he was president, Glafcos Clerides was one of his main political advisers. Now that Clerides has got Vassiliou's job, the roles might be reversed.

'I'd be surprised if most forgers hadn't moved out of sterling'

Diplomatic

■ Like several of its former Soviet neighbours, the tiny Central Asian republic of Kyrgyzstan has had to grapple with nationalist tension and ethnic rivalries. Having thwarted attempts to force ethnic Russians to learn the Kyrgyz tongue it has now declared the country's accepted languages to be Kyrgyz, Russian and English, in that order of course.

Prime Minister Tursunbek Chyngyshev, in London yesterday, insisted it was not just to impress the English, though he had felt obliged to tag on German as a fourth language during a recent trip to Bonn.

Ageing meteors

■ The latest clutch of ministerial parliamentary private secretaries, an essential first step for young parliamentary stars, has thrown up some interesting combinations. Tim Sainsbury, the rather smooth old Etonian industry minister, for example, gets the bluff Eric Pickles, (ex-Leeds Polytechnic and Bradford Council leader).

However, TV broadcaster Gyles Brandreth's appointment as Stephen Dorrell's bag-carrier is more interesting. Brandreth is a good four years older than his master but Dorrell is very much a rising star. Brandreth is determined and hardworking, but may be handicapped by memories of his rather fluffy TV-am past. Perhaps that's why he isn't defence minister Jonathan Aitken's pps.

That job is already being done by Stephen Milligan, a contemporary of Brandreth's at Oxford and another union president. On paper at least, he would seem to be more in tune with Dorrell. Milligan was the last "wet" president of the OU Conservative association before the relentless tide of right-wingers – which helps explain why it took him so long to find a parliamentary seat.

Tour de force

■ The ghost of Brillat-Savarin stalks the Eiffel tower. Just as the managers of McDonald's in France were celebrating the news that theirs had become the biggest restaurant chain in the country, they were hit with the less welcome tidings that they cannot open a restaurant next to the famous landmark in Paris.

Georges Sarre, the minister who issued the ban, was unusually undiplomatic. He told McDonald's straight that it would "not be allowed to open on such a prestigious site".

Guardez loo

■ And now, a cautionary tale on the perils of covetousness. A man who dropped his wallet down the lavatory of a French TGV train on Sunday plunged his hand in after it and got stuck. Sounding the alarm, he succeeded in stopping the train at a remote station where firemen cut him, and the lavatory, free. He got his wallet back, but not before appearing on television lying on the platform with a toilet wrapped around his arm.

Moral: If you must make a fool of yourself, sign up the television rights first.

FINANCIAL TIMES
Tuesday February 16 1993

Economic plan will give employment, healthcare and education priority

Clinton promises to create jobs

By George Graham in Washington

PRESIDENT Bill Clinton promised yesterday to create "half a million or more jobs in the short run" with the economic programme that he will announce in his State of the Union address tomorrow.

"We are trying to change a direction of 12 years, and taking a new course," Mr Clinton said before a meeting with Democratic congressmen, part of a week-long campaign to prepare the way for his economic plan, many of whose elements are expected to provoke opposition from a variety of interest groups.

Taking his case directly to US voters, Mr Clinton was also due to make a nationally televised address last night, and will follow up later in the week with visits to Missouri, Ohio and the west coast.

Mr Clinton said yesterday he would offer a plan that is "highly progressive, that is very well balanced, that is faithful to the great middle class of this country and good for the things that we care about: jobs and education and healthcare."

While White House officials continue to insist that no final decision has been made on the precise shape of the package, it is expected to combine short-term tax incentives and government spending increases with higher taxes designed to help reduce the budget deficit in the long-term.

A new USA Today/CNN/Gallup poll published yesterday showed half of those questioned were willing to pay higher taxes in order to reduce the budget deficit, but three-fifths did not believe that any money raised through higher taxes would in fact be used for deficit reduction.

The main components of the package are expected to be:

- Investment tax credits for business worth around $15bn this year.
- $16bn of additional government spending this year, mostly on infrastructure.
- An energy tax levied on the thermal content of fuels.
- A rise in personal income taxes on couples earning more than $200,000 a year.
- A rise in the corporate income tax rate from 34 per cent to 36 per cent.
- Taxation of a greater proportion of retirement benefits.
- Spending cuts totalling an estimated $34bn over four years.

Mr Leon Panetta, director of the Office of Management and Budget, said the plan would come close to achieving the $145bn reduction in the federal budget deficit that President Clinton promised by 1997. He said: "Everybody is going to carry their fair share in some way. That is not necessarily in taxes; it may be in benefit reductions."

French professionals become latest job loss casualties

By Alice Rawsthorn in Paris

THE FRENCH professional classes have become the latest casualties of the country's rising unemployment rate, with nearly 133,000 salaried employees losing their jobs in 1992, according to the latest figures from Insee, the state statistics institute.

The total number of people without jobs in France rose by 5 per cent to 2.98m last year. The worst affected areas of the economy, according to Insee, were construction and manufacturing.

Until recently professional people were relatively immune from unemployment. The number of salaried employees in France rose by 1.1 per cent in 1990 and fell by just 0.7 per cent in 1991.

But the ranks of salaried employees fell by 0.9 per cent to 14.74m in 1992, with the rate of job losses accelerating as the year progressed.

Unemployment is one of the main political problems facing France's ruling Socialist party in the run-up to next month's legislative elections. Fears of unemployment among salaried employees could cause additional problems for the Socialists, who have traditionally enjoyed support from professional workers such as teachers, social service workers and the media.

French employment

Source: INSEE

The government has recently tried to stem the tide of manufacturing job losses with its controversial attempts to stop Hoover, the US vacuum cleaner company, from closing its Dijon factory and Elf Aquitaine, the state-controlled oil group, from relocating a laboratory at Boussens in south-west France.

Meanwhile Mr Pierre Bérégovoy, the Socialist prime minister, yesterday met representatives of French industry and unions at in Paris, to discuss his proposals for pension reform. Mr René Teulade, minister for social affairs, will this week present plans to the cabinet for a FFr100m ($17.8m) guarantee fund to plug the rising pension budget deficit.

The fund, financed by the proceeds of the privatisation programme, represents a compromise on Mr Bérégovoy's earlier hopes of introducing private pensions to supplement the existing state schemes.

Yeltsin in surprise 12 day break from duties

By John Lloyd in Moscow

MR BORIS YELTSIN, the Russian president, suddenly decided yesterday to take a 12-day break from official duties and cancelled all engagements with foreign visitors.

However, talks scheduled with Mr Ruslan Khasbulatov, the speaker of the Supreme Soviet, on the contentious issue of a referendum in April 11 on a new constitution, may go ahead.

Mr Yeltsin's decision to seclude himself in his official dacha caught Moscow's political establishment by surprise and left a question mark over his reasons. Ill health was ruled out, though he was admitted to be tired. This is not the first time Mr Yeltsin has suddenly quit his Kremlin duties but it will be one of the longest.

Shortly after Mr Yeltsin's statement Mr Khasbulatov appeared to concede his opposition to a referendum, one of the main points of contention between the two men which they failed to resolve during discussions last Thursday. Though both Mr Yeltsin's and Mr Khasbulatov's intentions were shrouded in ambiguity, what does seem clear is that the deepening power struggle has not been alleviated.

Mr Khasbulatov has been opposed to the referendum and may be hoping to sink it under the weight of additional questions. He told a session of the praesidium of the parliament that he "supported the idea of the president" to prepare a second ballot paper with a range of questions on whether the Russian citizens trusted the president, the permanent Supreme Soviet, the full Congress of Peoples Deputies and the Russian government.

Mr Yeltsin had originally said the referendum should be about trust when he proposed the idea last December.

Mr Khasbulatov also said that elections should be held in spring for "all the highest bodies of power" · presumably including the parliament and the president. He said that the inclusion of the further questions would "ensure the attendance of citizens at the referendum" and show "the sincerity of our intentions".

Though government ministers have consistently backed the idea of a referendum to bring clarity into a situation where most important legislation is bounced to and fro between government, presidency and parliament in increasingly hostile sessions of the Congress of Peoples' Deputies, there is still no clear idea of how the referendum would be phrased.

Mr Vladimir Shumeiko, the first deputy prime minister who has been put in charge of the referendum campaign, said yesterday that the president had not decided which questions should be asked. Mr Andrei Kozyrev, the foreign minister, said a referendum should be held on a constitution only after a constituent assembly had prepared a draft referendum.

Spokesmen for both Mr Yeltsin and Mr Khasbulatov said last night that their respective principals might or might not meet each other either in Moscow or in the country.

Sony, Matsushita in talks on video recorder format

By Michiyo Nakamoto in Tokyo

JAPANESE consumer electronics companies, led by Matsushita and Sony, are in talks aimed at agreeing a common standard for the next generation of video tape recorders, digital VTRs which record films from televisions or camcorders in computer language.

Unlike the current generation of analogue VTRs, in which picture quality falls off sharply when copies are made, digital VTRs offer the prospect of virtually perfect pictures no matter how many copies are made.

The discussions, which involve two of the fiercest rivals in the consumer electronics industry, represent a concerted effort by Japanese manufacturers to prevent a damaging standards war in an area which they believe will be important in stimulating consumer demand for new electronics products.

The talks are a strong indication that with consumer demand for new electronics products at a low point – and after both Sony and Matsushita have made expensive purchases of Hollywood studios – the industry recognises it can no longer afford costly wars which only serve to confuse consumers and could be financially crippling for the loser.

"We would like to pursue the establishment of a single format in order to gain the support of a wide range of foreign and domestic manufacturers and thereby facilitate the digital VTR's diffusion among consumers," Matsushita said yesterday.

Matsushita and Sony are currently competing with different formats for digital portable music. Matsushita has backed a digital tape format called DCC, which it developed jointly with Philips, the Dutch consumer electronics group, while Sony has launched MiniDisc, which is like a miniature CD.

The two rivals are also locked in competition over the camcorder market, for which they have backed two incompatible formats. Sony has an 8mm format, while Matsushita manufactures camcorders in the VHS-C format.

The rivalry between Matsushita and Sony reached a peak in the 1980s when the two fought over the market for video tape recorders with different formats. The defeat of Sony's Beta format was a big blow to the company's reputation.

Britain's Maastricht trouble

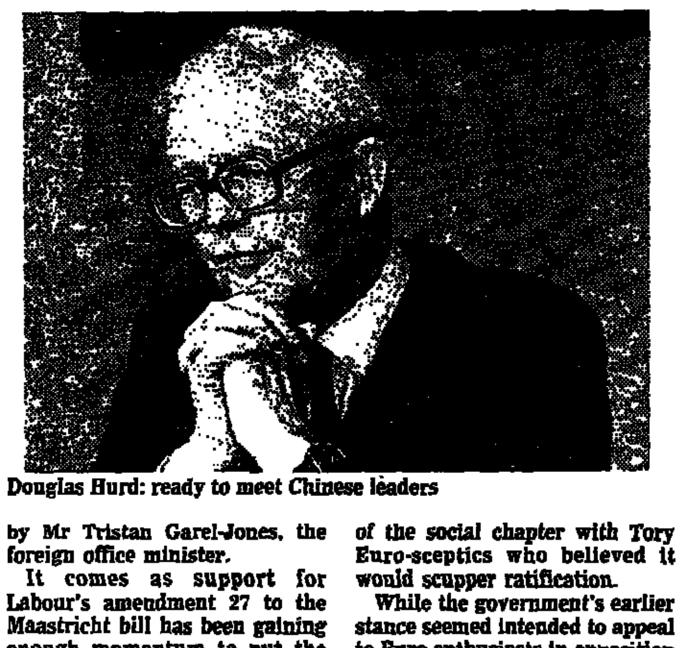
Continued from Page 1

Government circles as a result of the mess the prime minister and you have got into over your fanatical determination to deny the benefits of the social chapter to the people of this country". The announcement made the weeks of detailed debate at Westminster a charade, he said.

Mr Cunningham said that Labour would still press the amendment to a vote, but some Tory Euro-rebels were already signalling that they would not vote against the government if the amendment was meaningless.

Labour is already working on how to devise a further amendment which would be effective in forcing the government to choose between accepting the social chapter and abandoning the treaty.

Yesterday's change of tack comes after Sir Nicholas Lyell, the attorney-general, was asked by Mr Hurd after last month's debate on the amendment, whether he agreed with the advice from foreign office lawyers presented to the Commons


Douglas Hurd: ready to meet Chinese leaders

by Mr Tristan Garel-Jones, the foreign office minister.

It comes as support for Labour's amendment 27 to the Maastricht bill has been gaining enough momentum to put the government's overall majority of 21 at severe risk.

Labour's amendment united opposition MPs who believed it would lead to the UK's adoption of the social chapter with Tory Euro-sceptics who believed it would scupper ratification.

While the government's earlier stance seemed intended to appeal to Euro-enthusiasts in opposition parties who would not want to risk destroying the treaty, this latest announcement was directed towards Tory Euro-sceptics.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	C	5	41	Frankfurt	C	-1	30	Majorca	F	15	59	Oporto	S	16	61	Tenerife	S	21	70
				Brussels	C	1	34	Geneva	C	2	36	Malaga	S	16	61	Oslo	C	3	37	Tokyo	S	10	50
				Budapest	C	2	36	Gibraltar	C	16	61	Malta	S	14	57	Paris	S	4	39	Toronto †	Sn	-3	27
Ajaccio	F	15	59	Buenos Aires	F	31	91	Glasgow	F	7	45	Manila	F	31	88	Prague	C	0	32	Tunis	F	15	59
Algiers	S	17	63	Cairo	F	15	59	Helsinki	Sn	1	34	Melbourne	S	24	75	Reykjavik	R	1	34	Valencia	S	14	57
Amsterdam	C	4	39	Cape Town	C	22	72	Hong Kong	S	21	70	Mexico City	F	27	80	Rhodes	S	12	54	Venice	S	8	46
Athens	C	9	48	Caracas	F	28	82	Innsbruck	F	0	32	Miami †	S	14	57	Rio de Janeiro	C	36	97	Vienna	Sn	2	36
Bahrain	C	19	66	Casablanca †	S	19	66	Inverness	F	6	43	Milan	C	5	41	Rome	S	14	57	Warsaw	S	0	32
Bangkok	F	32	90	Chicago †	S	-7	19	Islamabad	F	25	77	Montreal †	F	-19	-2	Salzburg	C	0	32	Washington †	C	3	37
Barcelona	S	14	57	Cologne	C	0	32	Istanbul	F	3	37	Moscow	S	-12	10	S'Francisco †	S	8	46	Zurich	C	0	32
Beijing	F	8	46	Copenhagen	C	2	36	Jakarta	R	30	86	Munich	C	0	32	Seoul	F	7	45				
Beirut	C	13	55	Corfu	F	10	50	Johannesburg		-	-	Nairobi		-	-	Singapore	S	31	88				
Belfast	F	4	39	Dallas †	R	10	50	Lisbon	S	13	55	Naples	S	12	54	Stockholm	F	2	36				
Belgrade	C	0	32	Dublin	S	7	45	London	C	5	41	Nassau	F	24	75	Strasbourg	C	0	32				
Berlin	F	3	37	Dubrovnik	S	10	50	Los Angeles †	C	11	52	New Delhi	S	28	82	Sydney	F	25	77				
Biarritz	S	13	55	Edinburgh	F	7	45	Luxembourg	Fg	-3	27	New York †	S	-2	28	Taipei	F	24	75				
Bombay	S	30	86	Faro	S	17	63	Madeira	F	18	64	Nice	S	13	55	Tangier	S	17	63				
Bordeaux	S	14	57	Florence	S	9	48	Madrid	S	10	50	Nicosia	S	12	54	Tel Aviv	F	13	55				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Pension funding

FT-SE Index: 2845.9 (+2.9)

By proposing to take a portion of British Rail and British Coal pension fund assets into the national coffers ahead of privatisation, the government risks looking greedy. It is right that existing pension arrangements cannot simply be transferred to the private sector. Allocating BR's existing 200,000 pensioners to the proposed rail franchise operators would be neither simple nor fair. But it may also be creating an opportunity to use some sleight of hand in dealing with the public sector borrowing requirement.

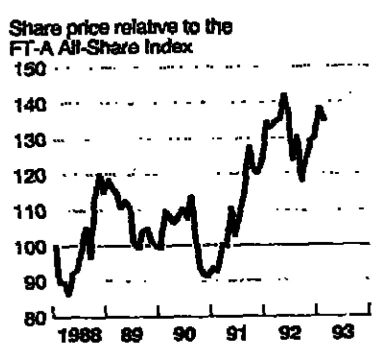
Both pension funds are expected to show a surplus at the next actuarial valuation. Since the government would guarantee index-linked benefits under its proposal – a better promise than available from the private sector – it may be tempted to claim a portion of the surplus. Given the public subsidies which supported BR over the years, it may have a case. But identifying the extent of a pension fund surplus is not a cut-and-dried affair. At the least, the government would do to wait until the Goode Committee has clarified the question of ownership. Were it to act sooner the government would be setting a bad example for other companies to follow.

Even without the surplus, the government might be tempted to go in for some slick book-keeping. From the rail and coal schemes alone, perhaps £13bn in pension fund assets might fall under government control. Any asset sales would count as funding towards the PSBR. That would allow some subtle smoothing of the borrowing requirement. But it would transfer the bill to future governments committed to pay index-linked benefits. That is not what fiscal rectitude is all about.

MB-Caradon

The secret of a good investment – as well as a good joke – is timing. It is still uncertain whether MB-Caradon has mastered the art to perfection or fluffed the punch line as it prepares to sell its 25.3 per cent stake in CarnaudMetalbox and reinvest the proceeds. From one perspective, the timing is ideal. Under its new management, CarnaudMetalbox has finally begun to fulfil the merger's original promise. The sterling share price – boosted by the pound's devaluation – stands at an all-time high. But it would be dangerous for MB-Caradon to hold on too long. CarnaudMetalbox's main markets in mainland Europe are softening. The value of its investment could fall heavily if the franc were devalued.

MB-Caradon



Source: Datastream

If MB-Caradon can conclude a sale quickly, it will certainly show a tidy gain. Its shareholding has a book value of £344.4m compared with a market value of £549m, although shares not taken up by CGIP may have to be placed at a discount in the market. In the short term, at least, a sale is likely to dilute earnings slightly. Longer term, MB-Caradon should obtain a better cash return than the £7.3m dividend income it received last year. MB-Caradon seems inclined to sink the money into the UK building materials sector. It may have missed its main chance. In the past three months, the sector's shares have climbed 31 per cent in response to lower interest rates. They are likely to climb still higher if a cash-rich MB-Caradon lumbers into view.

Dalgety

Recession may have taken a bite out of the dog population, but Dalgety seems to have survived intact. The company's solid performance owes more to its agricultural business, though, than to the more fashionable snacks and pet food markets. Indeed the strength of the agricultural supplies operation is underlined by the apparently effortless way in which prices have been increased by 20 per cent in the last six months.

Under Maurice Warren the company has rationalised its businesses, strengthened its balance sheet and lived up to the food manufacturing sector's defensive image. Still, this has all been reflected in the company's share price. Doubts about future growth go beyond the market's current obsession with cyclical shares. Most promising areas for expansion in Europe are snacks and pet foods, but both are dominated by larger players. With many continentals still feeding Fido scraps, increasing the size of the pet food market may offer the best opportunities. Dalgety, however, would require a deal with the likes of Quaker to mount an effective challenge to Pedigree Petfoods.

The company's weak strategic position in such markets leaves it open to attack. Dalgety is also less able to absorb the dilutive impact of highly-priced acquisitions than its larger competitors. The European food manufacturing industry demands deeper pockets than Dalgety currently has.

Courage

Yesterday's interim results from Fosters Brewing reveal what a miserable time its Courage subsidiary has been having. The trend is not as bad as suggested by the 11 per cent decline in operating profits expressed in Australian dollars. But even after adjustment for a pension fund contribution in 1992, sterling profits still dropped £5m to £61m in the six months to December compared with the same period of 1991. Volume fell around 5 per cent. Gross margins were under strong pressure, particularly in the on-trade, though this was offset to some degree by lower central costs.

Courage faces a bitter struggle to secure its share of the on-trade by 1998 after which it will have no tied pubs left. So far it claims a high rate of business retention in the 1,900 pubs freed from the tie in November. But lower interest rates have reduced the attraction of free trade loans as an incentive. Discounting is likely to remain its main weapon, which is not good news for the competition. Though the evidence from elsewhere in the industry is patchy, Courage also points to margin pressure in the off-trade.

Cost-savings generated by the acquisition of Grand Metropolitan's brewing interests may thus be insufficient. Consumers have not yet felt much benefit from government attempts to introduce greater competition in the industry, but the extent of brewing overcapacity is becoming increasingly apparent. Last year Courage disposed of Ruddles and its Trowbridge brewery, but it has not yet resorted to closures. At least after last November's A$1bn rights issue, its parent is in a better position to meet the cost of any surgery that proves necessary.

INSIDE

Investors warned on accounts standards

Accounts of companies in continental Europe are becoming less conservative and more likely to flatter profits, says a research report from NatWest Securities, the research and brokerage arm of National Westminster Bank, the UK clearer. The report warns that until standards are more uniform, investors need to be wary of differing accounting practices. "Profits are certainly widely understated where the tax authorities are more of a threat than equity markets," it says. Page 19

Proventus buys into sport group

Proventus, the Swedish investment group, has bought a 39.4 per cent stake in Aritmos, one of the world's leading sport and leisure companies, for SKr730m ($101m). The acquisition makes Proventus the largest shareholder in Aritmos, whose brands include Puma, the soccer footwear supplier, Etonic, the golf footwear supplier and Tretorn "pressureless" tennis balls. Page 19

Tough world for UK farmers

There is a fear among UK farmers that high costs and regulations imposed on them are not shared by food producers elsewhere. At last week's annual farmers' union meeting one delegate said: "If I told you the details of social and environmental policies in Brazil I would make you weep . . . they consist mainly of bullets, bulldozers and boxes of matches. Farmers in the UK can never hope to compete with that and I don't advise them to try." Page 26

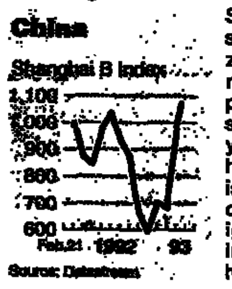
Paribas survives bruising year

Paribas had hardly got over the shock of the French bank's first loss in 1991 when it faced another bruising year in 1992. Problems of the French economic slowdown were aggravated by the scandal over the discovery of FFr1bn (£120m) of off-balance sheet dealings at its associate, Ciments Français. Page 18

Norway's banks face long haul

The crisis that has engulfed Norway's commercial banks for the past five years shows few signs of abating. Few analysts see any hope for recovery for between four to five years and some believe the fall-out from the crisis will endure the decade. Page 19

Strong rises in China



Source: Datastream

Standard Chartered B share indices for Shenzhen and Shanghai have risen 51 per cent and 47 per cent respectively since the start of the year. The main impetus has been external issues: including the decision temporarily to ignore a ban on local investors buying Shanghai B shares Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Sagem	2800	+	120
Rises				**Falls**			
Douglas	493	+	14	Axa	1118	–	14
Holzmann Ph	961	+	21	Elf Aquitaine	350	–	12.9
Lahmeyer	650	+	14	**TOKYO (Yen)**			
Schering	719	+	11	**Rises**			
Falls				Fuji Kiko	540	+	55
Lufthansa	435	–	10	Macross	279	+	43
Volkswagen	291	–	6.7	Nippon Metal	389	+	26
PARIS (FFr)				Sumitomo Special	1260	+	90
Rises				**Falls**			
CGIP	1065	+	73	Isetan	2230	–	150
Credit Local	400	+	20	Sanwa Dalei	331	–	29
Imm de France	800	+	29				

New York closed.

LONDON (Pence)				Lincoln House	13	+	3½
Rises				Lonrho	87xd	+	7½
Admiral	470	+	30	Mayborn	173	+	12
Aviva Pet	51	+	5	Resort Hotels	52½	+	5
Bedford (W)	27	+	7	Tadpole Tech	317	+	24
Bluebird Toys	179	+	21	Tepnel Diagost	238	+	28
Castle Mill	8½	+	2¾	Union Discount	105	+	6
Celorgen	38	+	3½	**Falls**			
Cupid	39	+	4	Blick	530	–	15
Forward Group	125	+	10	Brit Aerospace	250	–	8
Gest	419	+	26	Hartstone	226	–	14
Hadleigh	69	+	9	TI Group	234	–	11
Hay (Norman)	36	+	10				
Kewill Systems	89	+	11				
Laidmorth & B	249	+	55				

Dasa wins go-ahead for Fokker takeover

By Christopher Parkes in Frankfurt

THE DUTCH government has accepted the terms set by Deutsche Aerospace (Dasa) for its planned takeover of the Fokker aircraft manufacturer, the German company said yesterday.

The final hurdle was overcome after Dasa, a subsidiary of Daimler-Benz, apparently offered a compromise proposal to its earlier plans for redundancies and capacity and production cuts.

The deal, which must be approved by the companies' supervisory boards and the European Commission's competition authorities, concludes a negotiating round dogged by last-minute complications.

Most of the problems stemmed from Dasa's insistence that a provisional agreement to take a 51 per cent stake in the Dutch group, signed last October, should be renegotiated in the light of deteriorating market conditions.

Fokker shares lost a quarter of their value 10 days ago after the group asked the state-owned Nationale Investeringsbank for a loan of up to Fl 1bn ($534m), in case the takeover fell through.

"With this agreement almost 80 per cent of funds made available immediately by Dasa will go directly to Fokker," the German company said. "The injection of more than Fl 900m into Fokker puts its financial future on a secure foundation."

However, the statement gave no details of the weekend offer on capacity and jobs cuts that clinched the deal. Mr Koos Andriessen, the Dutch economics minister, said last week that he could not accept Dasa's earlier demands for "open-ended support" for redundancy programmes.

Under the terms of the deal approved in the Hague yesterday, Dasa will pay Fl 30 each for 13.4m new Fokker shares. Meanwhile, the Dutch government's 31.8 per cent stake will be bought in two stages: the first immediately for Fl 30 a share, raising Fl 156m, the second after three years.

The price for the second tranche will depend on Fokker achieving profit targets. Under the original agreement, Dasa undertook to pay Fl 37 a share.

Yesterday's statement said the acquisition of the controlling share in a new Fokker holding company was an important step to building a competitive regional aircraft business in Europe.

Tapie sells control of Adidas for DM615m

By Alice Rawsthorn in Paris

MR Bernard Tapie, the French businessman and politician, has sold control of Adidas, the German sporting goods group, for DM615m ($370m) to a consortium of investors including Mr Robert Louis-Dreyfus of Saatchi & Saatchi, the UK-based advertising group, and a number of French financial institutions.

The French conservative opposition has called for an official inquiry into the deal, which involves Mr Tapie, recently reappointed as Socialist minister for towns, selling shares to a consortium including three state-controlled companies – Crédit Lyonnais, Assurances Générales de France (AGF) and Union des Assurances de Paris (UAP).

The Adidas controversy comes shortly after the outcry over the sale of Yves Saint-Laurent, the fashion house chaired by Mr Pierre Bergé, a close friend of President François Mitterrand, to Elf-Sanofi, a subsidiary of Elf Aquitaine, the state-controlled oil group.

Mr Tapie, who needs to raise capital to reduce his debts, has for months been trying to find a buyer for his Adidas shares following the collapse of an earlier deal with Pentland, the UK consumer products company.

Adidas has had a tough time in the three years since Mr Tapie took control. To meet fierce competition from Nike and Reebok of the US, Mr Tapie has rationalised operations in the face of fierce union opposition, but Adidas still saw net profits fall from DM52m in 1990 to DM15m on static sales of DM3.35bn in 1991.

Under the terms of yesterday's deal Mr Louis-Dreyfus will leave Saatchi to take over as chairman in April, with a 15 per cent stake in the Adidas holding company. Crédit Lyonnais will raise its holding from 10 per cent to 18 per cent, as will AGF from 5 per cent to 17 per cent and UAP from 5 per cent to 7 per cent. Coathbridge and Omega Ventures, two investment funds, will take 15 per cent and 19.9 per cent respectively.

● Bull, the French computer group, saw sales fall 9.7 per cent from FFr33.45bn in 1991 to FFr30.18bn ($5.37bn) last year. However, the group improved its operating margins during the year. Bull's operating losses, which will be announced when its results come out in early March, are estimated to have fallen from last year's FFr1.5bn to below FFr1bn.

CarnaudMetalbox stake may raise £500m, write **Maggie Urry** and **Alice Rawsthorn**

Company to consult investors over sale

MB-CARADON, the building products and security printing group, is to ask shareholders for authority to sell its 25.3 per cent stake in CarnaudMetalbox, the Franco-British packaging group.

The stake, worth £549m ($780m) at last night's closing share price of £26.75p, up 62p, dates back to the April 1989 merger between Metalbox Packaging, then a subsidiary, and Carnaud, the French group. MB-Caradon's shares initially rose on the news but fell back to close unchanged at 310p.

Shareholders' approval is required because of the size of the stake and an extraordinary meeting is being called for March 4. Mr Peter Jansen, chief executive of MB-Caradon, said obtaining approval in advance would improve the company's negotiating position.

CGIP, the French industrial holding company which also holds a 25.3 per cent of CarnaudMetalbox, said yesterday that it might increase its stake if the French stock market authorities allow it to do so without making a full bid.

Paris analysts were doubtful that CGIP could afford to buy the whole of the stake. "CGIP would have to go into debt to buy the MB-Caradon stake in CMB, or even a large part of it," said Ms Christiane Marcellier, an analyst with James Capel. "The financial return on the investment just would not justify doing that."

MB-Caradon said that though the CarnaudMetalbox stake accounted for a significant part of its assets and earnings, the dividends received were modest, and were not a tax efficient source of income. It plans to reinvest the proceeds of a sale in "businesses under its direct control and management".

Lex, Page 16

MB-Caradon seeks new challenge

Ever since the CarnaudMetalbox merger, there has been speculation that MB-Caradon would not be a long-term holder of its 25.3 per cent shareholding. At last there is a formal decision by the UK group to sell the stake, which has provided a large chunk of profits but much less in cash dividends.

The decision by MB-Caradon to seek shareholders' authority for a sale marks the rehabilitation of the packaging group rather than discontent with the merger. CarnaudMetalbox's share price, in sterling terms, has never been higher.

But for a couple of years after the merger MB-Caradon looked to be stuck with the holding. The merger seemed doomed by a clash of cultures at the top and the share price dived.

MB-Caradon and CGIP, the French holding company with an equal stake in CarnaudMetalbox, together claim the credit for introducing new management to the packaging group. Mr Jurgen Hintz, an American, became chief executive in autumn 1991 and appears to have cut through Anglo-French difficulties and galvanised the group. Profits have improved and the share price has recovered.

Mr Peter Jansen, chief executive of MB-Caradon, says: "We have always said there would be a moment when it was worth our while to sell. It is not a bad moment to consider it."

MB-Caradon's patience has been rewarded and a sale at the current market value – of £549m ($780m) at last night's closing price – will give it a good profit on last year's book value of £344.4m.

Now speculation will turn to two new questions. Who will buy the stake, and what will MB-Caradon spend the money on?

Mr Jansen says: "We have given a clear indication we want to sell. But there is always the possibility that no-one will buy." However, he does not seem seriously worried that there will be a lack of buyers. Analysts think that the decision to hold an extraordinary meeting on March 4, rather than waiting for the annual meeting in May, suggests MB-Caradon already has a purchaser in mind.

There are restrictions on the sale, though. Under an agreement between MB-Caradon and CGIP, CGIP must be given the chance to match a third party bid. Without an identified third party, MB-Caradon can offer the stake to CGIP at the average share price over the preceding 60 trading days. CGIP can then buy all or part of the stake.

It is hard to see why another company would want to get into MB-Caradon's position – receiving a small cash return on a large investment – without the agreement with CGIP which has effectively given the two shareholders control of CarnaudMetalbox. A buyer could, perhaps, hope that CGIP will eventually want to sell its stake, opening the way for a full bid.

For its part, CGIP does not seem to have the cash to acquire the whole of MB-Caradon's stake. Other companies friendly to CGIP might be interested. Or there is the possibility that CGIP could buy part of the stake and the rest could be placed.

Mr Jansen feels that a placing would not give MB-Caradon the best price, though it might be welcomed to CarnaudMetalbox, especially if UK institutions, which sold after the merger, reinvested.

MB-Caradon's balance sheet is already strong, with net debt of £69.1m. If it raises £500m from the sale, and gears up as well, it could make a sizeable acquisition or a number of smaller ones.

Mr Jansen says the group wants to "find a replacement for CarnaudMetalbox's profits stream, that we could do better with because we could manage it". That replacement must be "something within our focus".

In the longer term that means building products – Mr Jansen admits that in time security printing could be overwhelmed within the group – probably in the UK and Europe.

Mr Jansen says he is "more comfortable to buy in an upturn" and believes the UK economy will recover sooner than economies in continental Europe which he says will be less buoyant in 1993. He believes there are plenty of opportunities for acquisitions and prices have not yet moved out of reach.

MB-Caradon's products – which include Everest double glazing, Twyfords bathroom fittings and Mira showers – are mainly branded goods aimed at the housing repair and maintenance market.

These are the sort of businesses the group will look at, Mr Jansen says. But judging by the stock market reaction yesterday, many companies in the sector are seen as targets. Far from dying down, speculation about MB-Caradon's plans will flourish until the stake is sold and the money reinvested.

Jefferson Smurfit US interests in $500m public debt offering

By Roland Rudd in London

THE US interests of Jefferson Smurfit, which were the subject of a complex $2.9bn leveraged buy-out in 1989, are being refinanced through a $500m public debt offering.

The large Irish paper and packaging group intends to repay some of its US associate's $1.7bn bank debt as part of its plans to float the business in two years. A subsidiary of Smurfit will provide its US interests with a $200m loan.

Mr Ray Curran, Smurfit's chief financial officer, said: "This is an important step on the road to positioning our US interests for an initial public offer in 1995.

"Potential investors do not want to have to face significant debt repayments in the near future."

The group's main US paper and paperboard interests were combined in a highly leveraged deal in 1989. The deal involved the acquisition of Container Corporation of America (CCA), a paperboard company Jefferson had bought in the mid-1980s, and Jefferson Smurfit Corporation (JSC), its St Louis-based subsidiary, by a leveraged buy-out vehicle called SIBV/MS Holdings.

SIBV/MS Holdings in turn is 50 per cent owned by Jefferson Smurfit, and 50 per cent by an investor group led by Morgan Stanley, the US investment bank.

The LBO deal netted Smurfit some $1bn in cash, and transformed its balance sheet.

However, since the LBO the company has been adversely affected by the recession. Mr Curran said: "The LBO was completed at the end of one cycle and the start of another. Unfortunately the down cycle has been continuing ever since."

JSC/CCA was last year refinanced via a $400m equity investment, partly in cash and partly via the conversion of JSC's outstanding preferred stock.

The group decided to go for a second refinancing because it wanted to take the opportunity of tapping the capital markets, which it said was not available to it last year.

Morgan Stanley is underwriting the debt offering which the company expects to have a BB rating, providing a high yield but just below investment grade.

Smurfit's loan to its US associate will be used to retire high-cost subordinated debt. It will pay interest at 11¼ per cent when fully drawn and will save JSC/CCA about $7m a year.

Mrs Fields quits London USM

By Peggy Hollinger in London

MRS Fields is quitting the London stock market, leaving UK investors in the controversial USM-quoted cookie company holding heavily diluted stakes in a private group. Seven years after its debut on the unlisted securities market, the US-based company said it had no viable alternative to refinancing.

The group's four US bankers have agreed to swap $96m of debt and preference shares for $50m in loan notes and a stake of 79.1 per cent.

Public shareholders will be diluted from 19.8 per cent to about 2.4 per cent following the swap and a one-for-eight consolidation of existing shares. As a result, Mrs Fields will not meet the regulatory requirements for a USM listing.

However, a spokesman for the company said investors should "regard this as a positive outcome given the circumstances. The reality could have been some form of administrative receivership."

The banks intended eventually to sell the business, offering the prospect of a return at some stage in the future, he said.

The founder and person most publicly associated with the company, Mrs Debbi Fields, will remain as chairman. However, her stake falls from 18 per cent to 8.4 per cent. The banks intend to appoint a new board and management team.

The refinancing was accompanied by a profits statement, the first since interims in October 1991. In 1992, the group reported a loss before tax and exceptionals of $3.6m. Pre-tax losses for the year to 31 December 1991, were $3.4m, although exceptionals pushed the net loss to $97.2m. The company said the exceptional charges related to its shift towards franchising.

The company said the restructuring was likely to be approved at the extraordinary general meeting on March 3. Some 80 per cent of the shares had already been pledged to the banks in previous refinancing efforts.

INTERNATIONAL COMPANIES AND FINANCE

Dalgety lifted to £56.2m by rise in sales of snacks

By Jane Fuller in London

GROWTH in snacks for humans and feed for animals lay behind a 4.5 per cent rise in pre-tax profits to £56.2m ($79.8m) from £53.8m, at Dalgety, the food and agriculture group, in the six months to December.

Trading profit advanced by 7 per cent to £61.5m on turnover of £2.11bn, compared with £1.95bn.

Progress in consumer foods and the agribusiness was partly offset by a decline in food ingredients.

Mr Maurice Warren, chairman, said: "Extra special results came out of the agriculture side."

That division's trading profit advanced by 23 per cent to £14.6m, on turnover of £517m. Sales volumes for cattle and sheep feed rose 6 per cent and raw material prices rises, following the pound's devaluation, had been passed on to customers.

Mr Richard Clothier, chief executive designate, said The Pig Improvement Company, which has more than doubled sales in four years, had done particularly well in the US. Attitudes had changed from "pigs are pigs" to an appreciation of the value of a good carcass.

Trading profits in consumer foods grew by 11 per cent to £30.8m on sales of £297m, including a full six months from Sooner Snacks, which was bought a year ago for about £44m.

Golden Wonder is a leader in pot foods, where the market had grown by 9 per cent. Mr Warren said part of the success was due to two new products: Fun Pots for children and Pot Light.

Net debt rose to £109m from £79m in December 1991. Two thirds was accounted for by the pound's fall against the dollar.

The interim dividend was raised 5 per cent to 7.85p, twice covered by earnings per share of 18.5p, up from 18p.

Lex, Page 16; Picture, Page 24; Cats on the rise, Page 24

Siemens energy unit sees 5% rise in profits

By Ariane Genillard in Duisburg

MR ADOLF Hüttl, chairman of KWU energy division of Germany's Siemens industrial group, expects profits to grow by 5 per cent for the current fiscal year, in spite of a drop in orders for the first quarter.

The group, which builds nuclear and traditional power plants, recorded sales of DM8.6bn ($3.97bn) for the year to September 30, 1992, up 33 per cent from DM5bn the previous year. Orders reached DM8.6bn against DM8.8bn the year before.

Exports rose significantly over the previous year to DM3.8bn against DM2.7bn in 1991. Foreign orders accounted for 43 per cent of total orders compared with 34 per cent the year before.

The US share of orders increased to 22 per cent, from 9 per cent of the total figure.

In October, 1992, KWU operations in the US were regrouped under the Siemens Power Corporation.

Orders from Asia increased to 36 per cent of the total from 34 per cent. This was largely due to KWU's biggest contract which is a 817MW unfired combined cycles power plant in Nan Pu in Taiwan.

KWU is also building large power plants in India and Indonesia.

A third of KWU's sales come from its nuclear-related business and two-thirds from its production of conventional power plants. This nuclear share of the group has been steadily declining over the years.

Mr Hüttl also launched a bitter attack against the recent creation of a $700m fund by the G-7 group to study ways to make nuclear power stations in the former communist bloc safer. He called the amount "negligible" and said billions of dollars were needed.

In Bonn, the environment ministry defended the plan, saying the money was only a first step which would allow studies to be conducted and high-risk nuclear power stations to be identified.

Paribas banks on a clear break in the storm clouds

Alice Rawsthorn examines the tasks facing the bank's chairman

Rue d'Antin, in the banking district of Paris, is clouded by Paribas' troubles. The bank, still reeling from the shock of posting its first ever loss, in 1991, is licking its wounds after another bruising year during which the problems of the French economic slowdown were aggravated by the scandal over the discovery of FFr1bn ($178m) of off-balance sheet dealings at its associate, Ciments Français.

Mr André Lévy-Lang, the urbane investment banker who has chaired Paribas since 1990, faces the task of clearing away the debris from the Ciments Français debacle and completing the process of restructuring his company.

"We had a tough time in 1992 and 1993 will be another difficult year," he said. "But most of our problems are due to short term factors. We must keep a long term perspective."

When Mr Lévy-Lang first became chairman his chief challenge was to hammer out a long term structure for Paribas' labyrinthine mass of banking activities and industrial investments. Mr Lévy-Lang has made some changes by pruning Paribas' portfolio of industrial investments and rationalising its retail banking operations outside France.

Paribas is now composed of four divisions:

● Banque Paribas, the investment bank which is one of the few French institutions to be a serious player in the international marketplace

● Compagnie Bancaire, the specialised financing company with a strong presence in property

● Crédit du Nord, the French retail banking network, and

● A portfolio of industrial investments including stakes in 200 companies.

If all had gone according to plan Mr Lévy-Lang would now be concentrating on strategic issues such as introducing Banque Paribas' new international structure and encouraging cross-referals between the three banking businesses. These issues are being addressed but he has also faced the further challenge of repairing the damage caused by the economic squeeze.

All Paribas' banking businesses have been affected by the impact of high French interest rates, which has dried up demand for credit and recently produced steep increases in borrowing costs. Meanwhile, Crédit du Nord and Compagnie Bancaire have had to make hefty provisions on their exposure to the depressed property markets both in France and the UK.

As a result the group went into the red in 1991, with a net loss of FFr184m after provisions of FFr9.5bn. It clawed back into the black last year with provisional net profits of FFr900m, but the "recovery" was mainly due to asset sales and Paribas still had to make provisions of FFr7.8bn.

But the real trauma of 1992 was the discovery that Ciments Français – a French cement company in which Paribas had sold control but was still a significant shareholder – had made hefty losses on its off-balance sheet dealings. Mr Pierre Conso, the cement company's chairman, has since resigned but it plunged into the red with an estimated net loss of FFr1bn last year.

Paribas was left in the acutely embarrassing position of having to repay FFr500m of the FFr6bn received earlier last year for selling control of Ciments Français to Italcementi of Italy. Its share of Ciments Français losses for 1992, estimated at FFr500m, will wipe out the remaining profit from the sale.

Despite the scandal, Mr Lévy-Lang maintains that Ciments Français was still "a very profitable investment for us over the years". But the fiasco acts as an apt illustration of the pitfalls of Paribas' strategy of taking sizeable stakes in industrial companies as a long term investor, generally without exerting managerial control.

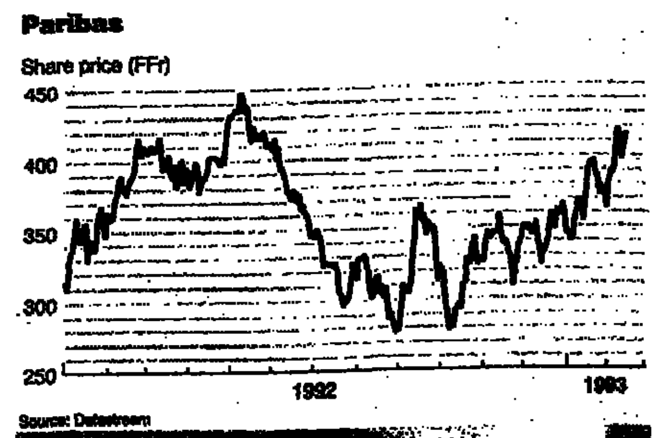
Mr Lévy-Lang accepts that such a scenario could happen again. "What can you do if the managers of a company are lying to the board and the auditors?" he said. However, he is still committed to continuing to develop Paribas' industrial portfolio with further investments in the future.

He is also keen to return to the more mundane business of engineering Paribas' recovery.

Like most French bankers he suspects that the market has stabilised, although the commercial property sector will remain fragile for a few more years.

Paribas is now concentrating on improving productivity mainly by pooling specific areas of activity such as cheque processing for the three banking businesses and custodial functions for Crédit du Nord and Banque Paribas.

The group is expected to increase profits this year, albeit slowly, with Morgan Stanley forecasting modest growth from FFr900m to FFr1.2bn. "We're still a few years away from producing the kind of profits I would like to see," said Mr Lévy-Lang. "It won't happen overnight, but we'll get there."



André Lévy-Lang: completing the restructuring process

Positive debut from Polish Citibank unit

CITIBANK'S wholly-owned Polish subsidiary has reported a 131.5bn zloty ($8.3m) profit for 1992, its first full year of operation, writes Christopher Bobinski in Warsaw.

The bank has concentrated on providing wholesale services to multinational clients in Poland as well as locally-owned companies. The balance sheet at the end of last year runs to 2,015bn zlotys with term deposits of 898.9bn zlotys and current accounts valued at 774.7bn zlotys.

The bank, which is capitalised at 157.7bn zlotys has pursued a conservative policy, preferring to deposit 1,105.4bn zlotys worth of its assets with local state-owned banks and investing another 412.2bn zlotys in Treasury bills. Loans accounted at the end of the year for a mere 461bn zlotys worth of the bank's funds.

Bank officials explain that lending limits have restrained its ability to provide loans and that it has been active in helping develop Poland's capital market.

However, Mr Allan Hirst, Citibank Poland general manager, cautions that interest rates are falling and profits are likely to be squeezed this year as spreads narrow.

YSL warns of sharp fall in net earnings

By Alice Rawsthorn in Paris

YVES SAINT-LAURENT, the French fashion house embroiled in a political row over its recent FFr3.6bn ($640m) takeover by Elf-Sanofi, the pharmaceuticals group, yesterday warned of a sharp fall in net profits for 1992.

The news of YSL's poor performance should stoke the controversy over its recent sale. Opposition politicians have called for an official inquiry into the deal claiming that Elf, chaired by Mr Loïk le Floch-Prigent, a close friend of the President François Mitterrand, paid too much for YSL, which is run by Mr Pierre Bergé, another presidential ally.

YSL was badly affected last year by the slowdown in the global luxury goods market and by the impact of exchange rate changes after the September crisis when the French franc strengthened against other European currencies.

The group estimated that its operating profits fell by about 25 per cent in 1992 – to around FFr384m from FFr512m in 1991 – with net profits falling "at a faster rate".

YSL saw sales fall by 2 per cent to FFr3bn during the year from FFr3.06bn in 1991. The couture division was worst affected with sales falling by 5.5 per cent to FFr527m. Sales of perfume and beauty products fell 1 per cent to FFr2.47bn.

Under the terms of the Elf deal, a complex share swap arrangement, the pharmaceuticals group will take control of YSL's perfume and cosmetic interests, but Mr Bergé will continue to run the fashion business together with Mr Saint-Laurent.

● Bull, the French computer group, saw sales fall by 9.7 per cent from FFr33.45bn ($5.95bn) in 1991 to FFr30.18bn last year. However the group did manage to improve its operating margins during the year.

Bull's operating losses, which will be announced when its results come out in early March, are estimated to have fallen from last year's FFr1.5bn to below FFr1bn.

● CGIP, the French holding company, has a cash balance of FFr700m and may sell its remaining stake in Valeo, the car parts group, this year, according to a company spokesman, Reuter reports from Paris. No other asset sales are planned.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 18.02.93: Pool purchase price £/MWh	Final Prices for Trading on 18.01.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.22	18.72	18.72
0100	22.07	21.78	23.23
0130	23.52	32.14	34.01
0200	23.52	32.14	33.94
0230	22.07	18.72	18.72
0300	21.74	18.57	18.57
0330	21.59	18.51	18.51
0400	18.06	18.35	18.35
0430	18.02	17.64	17.64
0500	18.04	17.64	17.64
0530	18.04	17.70	17.70
0600	18.02	17.69	17.69
0630	18.08	18.36	18.36
0700	21.50	21.23	22.65
0730	21.41	21.23	22.64
0800	21.50	21.95	23.38
0830	21.50	21.95	23.37
0900	22.00	23.38	24.85
0930	22.00	27.65	29.27
1000	22.00	27.65	29.27
1030	24.11	27.65	29.27
1100	24.11	21.95	23.37
1130	24.11	21.95	23.37
1200	24.11	23.38	24.85
1230	24.11	23.38	24.84
1300	24.11	21.95	23.37
1330	22.00	21.95	23.37
1400	18.87	21.95	23.37
1430	18.60	21.65	23.06
1500	18.62	21.65	23.06
1530	18.63	21.65	23.06
1600	18.77	21.66	23.06
1630	22.00	22.25	23.76
1700	23.84	32.22	34.93
1730	30.21	39.58	42.39
1800	30.22	39.36	42.10
1830	30.22	35.84	37.86
1900	26.52	28.33	29.88
1930	24.19	23.84	25.26
2000	22.00	23.80	25.23
2030	21.59	21.65	23.03
2100	21.59	21.65	23.03
2130	21.50	21.23	22.60
2200	21.50	21.23	22.61
2230	20.95	18.72	18.72
2300	18.06	18.29	18.29
2330	17.68	17.59	17.59
2400	17.56	17.58	17.58

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5.15pm Monday to Friday.

©NGC Settlements Limited

INTERNATIONAL COMPANY NEWS

Proventus buys 39.4% stake in leisure group

By Christopher Brown-Humes in Stockholm

PROVENTUS, the Swedish investment group, has bought a 39.4 per cent stake in Aritmos, one of the world's leading sport and leisure companies, for SKr730m ($101m).

The acquisition for an average price of SKr85.50 per share makes Proventus the largest single shareholder in Aritmos. The investment company has bought the stake of KF, the co-operative group, which with 25 per cent was previously Aritmos's biggest shareholder, and has made further purchases in the market.

Aritmos's brands include Puma, one of the world's leading suppliers of soccer footwear, Etonic, the second largest supplier of golf footwear in the US and Tretorn, the world's leading supplier of "pressureless" tennis balls. Other units cover angling equipment, gardening machines and bicycles.

Mr Mikael Kamras, Proventus president, said the group intended to be an active shareholder in Aritmos, and would be seeking board representation.

"We believe the group has a long-term possibility to be really profitable, despite the tough market conditions which have depressed the company's recent profitability," he said.

In 1991 Aritmos, which is based in Helsingborg in southern Sweden, achieved SKr201m in income after financial items on turnover of SKr5.82bn.

In the first eight months of last year, income after financial items reached SKr156m on turnover of SKr3.61bn. More than three quarters of the group's turnover is outside Sweden, primarily in Europe and the US. The group's current market capitalisation is SKr1.93bn.

The purchase has halved Proventus's previous liquidity level of SKr1.5bn.

Reduction in sales hits French builders

By Alice Rawsthorn in Paris

THE downturn in the French construction industry left a number of the country's largest building and building materials groups with reduced sales last year.

Lyonnaise des Eaux-Dumez, the utility group that has been plagued by problems at its Dumez construction subsidiary, mustered turnover of FFr89.15bn ($16.63bn) last year, compared with FFr87.67bn in 1991, a fall in real terms.

Lyonnaise recently warned of a fall in net profits of between 60 per cent and 70 per cent from 1991's FFr1.17bn.

Lafarge Coppée, the world's largest building materials supplier, has also been affected by the problems of the construction sector.

It saw sales fall to FFr30.45bn last year from FFr31.65bn in 1991. It has been hit hardest in the US and in the French cement market.

Guintoli, one of the construction companies embroiled in the scandal of Ciments Français' off-balance sheet dealings, saw its sales fall by 3.3 per cent to FFr1.5bn in 1992 from FFr1.55bn in 1991.

Guintoli was taken over by the Paribas banking group late last year after it emerged that Ciments Français had secretly raised its holding in the company.

The problems of the construction sector were underlined by the announcement that Formica plans to cut costs by shedding 45 of its 400 employees in France.

Its French plants have been on short-time working since October.

Stelco cuts losses to C$4m in final term

By Robert Gibbens in Montreal

STELCO, one of Canada's two biggest steelmakers, did better than expected in the final quarter of 1992, with shipments up 24 per cent to the best level in more than two years.

Prices stabilised and about 25 per cent of Stelco's output went to the US market

The quarter's loss was C$4m (US$3.1m) or 10 cents a share against a loss of C$38m or 51 cents a share a year earlier, on revenues of C$549m against C$500m.

The latest period included 50 cents a share in tax recoveries.

For all 1992, the net loss came to C$127m or C$1.76 a share against C$136m or C$3.05 a share in 1991.

Sales slipped to C$2bn from C$2.2bn

Stelco generated positive cash flow in the fourth quarter and is expected to avoid any financial restructuring even though its balance sheet remains strained.

The company warned that in spite of better demand from the car and energy sectors and a recent run-up in the price of its stock, uncertainties remained – not least because of the US anti-dumping duties.

It may therefore not be able to maintain shipments to the US at present levels.

● Algoma Steel, the troubled Ontario-based company owned by Canada's other large steelmaker, Dofasco, lost C$74m or C$2.96 a share in the seven months ended December 31 on sales of C$429m.

Algoma, which itself is Canada's third biggest steel producer, has been broadly restructured by Dofasco since it was acquired in 1987 from Canadian Pacific.

● Warburg Pincus, a C$3bn investment management group, is putting C$40m into SHL Systemhouse, the Ottawa-based computer systems integrator, by buying 4.5m SHL shares at C$9 a share.

SHL will use the money to expand further in the US and Europe.

Report calls for accounting harmonisation

By Andrew Jack

THE ACCOUNTS of companies in continental Europe are becoming less conservative and more likely to flatter profits, according to a research report from NatWest Securities, the research and brokerage arm of National Westminster Bank, UK clearer.

Based on an analysis of large European companies in Germany, France, Italy, Switzerland, Spain and the Netherlands, the research house calls for faster progress towards harmonisation of accounting practices and tighter rules.

It warns that until standards are more uniform, investors need to be wary of differing accounting practices.

"Profits are certainly widely understated where the tax authorities are more of a threat than equity markets," it says.

"The blanket assumption that continental European accounts are conservative is becoming dangerous."

Among the practices NatWest highlights are:

● Revaluation upwards of assets on the balance sheet, including Total, Olivetti and Philips.

● Depreciation, which is accelerated in Germany and Switzerland to shelter profits from the tax authorities.

● Capitalisation of intangible assets on the balance sheet, such as interest costs by Sevillana, development costs by Euro Disney and the inclusion of trademarks by Pinault-Printemps.

● Goodwill written down to a substantially degree, such as at Alcatel, which allows it to be released from reserves into the profit and loss account in the future.

● Provisions and reserves, which can help smooth and adjust profits.

The report criticises the poor disclosure of German banks, and highlights high restructuring provisions at Philips.

● Long-term contracts which can be treated in different ways which makes comparisons difficult.

● Joint ventures and associates, which can be treated in different ways and can delay the revaluation of profits.

● Off balance sheet finance such as leasing controlled "non-subsidiaries", used by companies such as Euro Disney.

● Foreign currency translation, which is applied in divergent ways.

● Extraordinary items, which are also defined in different ways in the different countries.

Ms Marina Tzamouranis, who co-ordinated the research, said the racier approaches to financial reporting were being driven by increased cross-border transactions and the growing importance of equity markets.

Recovery looks elusive for Norway's banks

Karen Fossli says the crisis which has engulfed the sector shows few signs of ending

The crisis which has engulfed Norway's commercial banks for the past five years shows few signs of abating.

The sector's annual profits reporting season, which begins today with Den norske Bank's results, will carry a familiar tale – record write-offs and high non-performing loans which could force fresh government rescue efforts.

Few analysts see any hope for recovery for between four and five years and it is not difficult find those who believe the fall-out from the crisis will last the decade.

The cost of the excessive expansion of the 1980s, which accompanied deregulation of the country's banking system, is non-performing loans estimated at NKr20bn ($2.8bn) and write-offs to date of NKr60bn on the banks' property holdings.

Mr Finn Hvistendahl and Mr Borger Lenth, chief executives respectively of Den norske Bank and Christiania Bank, Norway's two biggest banks, believe further firm action is needed to reverse the trend. They are reorganising their corporate structures to separate the negative effects of non-performing loans and falling property values from healthy parts of their businesses. However, the state has already ruled out the possibility of taking on these bad loans.

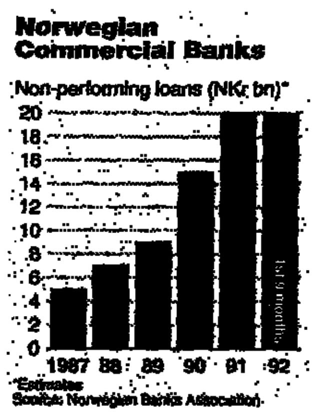
A senior executive at a leading US bank which provides funding to DnB and Christiania said he did not expect recovery by either of the banks until the end of the 1990s.

The Norwegian Banks Association, representing the commercial banks, increased its forecast of members' 1992 composite losses from NKr3bn to between NKr4bn and NKr5bn and warned that some banks might also need state cash this year.

Norwegian state cash transfers to support the banks from collapse have totalled more than NKr20bn in the last five years. The banks' own insurance fund has also been emptied by injections of NKr7.4bn into the sector, of which NKr7.2bn has been written off as losses. Last November, the state-backed Bank Insurance Fund agreed to pump NKr5bn into DnB, Christiania and Fokus Bank, the third biggest commercial bank. The association says combined credit losses last year probably fell to between NKr8bn and NKr9n from 1991's record NKr15bn.

The one bright spot is that the banks will show slightly improved operating results for 1992 but they seem set in the medium-term to remain saddled with non-performing assets until allowed to hive them off into separate entities to stop the drain on operating income.

The association estimates that property acquired by the banks last year due to defaults had a value of NKr7bn, representing a loss of income of NKr3bn.




Sigbjoern Johnsen, finance minister: Open to proposals

The one bright spot is that the banks will show slightly improved operating results for 1992 but they seem set in the medium-term to remain saddled with non-performing assets until allowed to hive them off

At the nine-month mark DnB posted a net loss of NKr2.46bn and credit losses of NKr3.29bn, while Christiania's net loss was NKr785m with credit losses of NKr1.86bn.

Mr Sigbjoern Johnsen, Norway's finance minister, says he is open to proposals from individual banks for restructuring which could allow the establishment of subsidiaries into which non-performing loans could be off-loaded.

DnB is considering establishing a holding company structure under which a so-called "good bank", comprising its healthy operations, would be established. A "project bank" would be created to hold non-performing loans, high-risk loans and property acquired by the bank which served as collateral for loans which became non-performing.

DnB has about NKr10bn in non-performing loans, acquired property valued at NKr3bn and NKr3bn in property it owns. Together, the three portfolios accounted for about 10 per cent of its assets at the end of 1992.

Christiania is considering a similar move and has already begun an internal reorganisation.

"We have to try to clear out the attic in a way in which we can make sufficient write-downs on bad loans so that we can wind them up either through refinancing or recapitalising the companies which are having problems servicing loans," Mr Lenth said recently.

He insists Christiania's problems are no longer of an operational nature.

"As long as we can carry the costs of our non-performing loans, our first priority will be to recover as much as possible from such loans," he says.

But Norway's corporate sector is plagued by an inability to raise equity capital in a market which has been downtrodden by several years' weakness in the domestic economy and poor export earnings caused by feeble international economic growth.

Mr Hvistendahl, Mr Lenth and the finance minister are cautiously optimistic about the prospects for the development of Norway's economy in 1993, but not one of the three is willing to predict when the banks can be reprivatised.

Christiania is fully state-owned and with last year's rescue action, the state owns more than 70 per cent of DnB's share capital.

"It is inconceivable to my mind that we could have private capital flowing into the banks in the near future. Not before a period of stable income could we think of going to the stock market to raise capital," Mr Lenth believes.

LEGAL NOTICES

In the High Court of Justice No. 00194 1993
Chancery Division
Mr Registrar Buckley
IN THE MATTER OF FIRST TECHNOLOGY PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) date 3rd February 1993 confirming the reduction of the capital of the above named Company ("the Company") from £9,652,327 to £2,000,000 and the reduction of the share premium account of the Company from £17,328,714 to £8,514,159 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 9th February 1993.

Dated 16th February 1993
Nabarro Nathanson
50 Stratton Street
London
W1X 5FL
Tel: 071 493 9933
Ref: 1E/NXF/F579/58
Solicitors for the Petitioning Company

In the High Court of Justice No. 00873 1993
Chancery Division
IN THE MATTER OF FIRST TECHNOLOGY AUTOMOTIVE LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 1st February 1993 presented to Her Majesty's High Court of Justice for the reduction of the capital of the above named Company from £9,000,000 to £221,886. AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Mr Registrar Buckley at the Royal Courts of Justice, Strand, London, WC2A 2LL on Wednesday the 24th day of February 1993. Any creditor or shareholder of the Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 11th day of February 1993
Nabarro Nathanson
50 Stratton Street
London
W1X 5FL
Tel: 071 493 9933
Ref: 1D/NXF/F579/58
Solicitors for the Petitioning Company

INTERNATIONAL COMPANIES AND FINANCE

Bank of Osaka plans to reduce payroll by 20%

By Robert Thomson in Tokyo

THE BANK of Osaka, a leading Japanese regional bank, yesterday announced plans to reduce its workforce by about 20 per cent over the next three years in an attempt to cope with a large bad-loan burden inherited from an affiliate.

The bank's difficulties are similar to those of other regional banks that rapidly expanded property lending during the late 1980s, and are now finding that they have growing problems with non-performing loans.

Speculative property development was particularly frenetic on the fringes of Osaka, leaving several banks, including Hyogo Bank, based in a neighbouring prefecture, with deep financial wounds.

Bank of Osaka's biggest problem has been the loose financial management at Daigin Finance, a so-called non-bank affiliate at which an estimated 40 per cent of the property loans are non-performing.

The bank said that the restructuring, through which it hopes to cut expenses of about Y3bn ($24.8m) a year, would enable it to make a "smooth rescue" of Daigin Finance.

In addition to reducing its 2,100 employees through retirement and reduced recruitment, the bank is to close or consolidate eight branches and cut executive salaries and bonuses for the year to the end of March.

● Hanshin Bank has asked creditors not to call in loans extended to its affiliate non-bank financial institution Hanshin Sogo Finance, Reuter reports from Tokyo.

Hanshin is asking about 30 financial institutions – including Sakura Bank, Industrial Bank of Japan and Long-Term Credit Bank of Japan – to maintain their loans outstanding to Hanshin Sogo over the next five years or so in order to help it improve asset quality.

The bank will also increase its loans to Hanshin Sogo to Y10bn from the current Y3bn, and cut the interest rate on the loans to zero, it said.

Asian chemical plant for Eastman Kodak

EASTMAN Chemicals International (ECI), a subsidiary of Eastman Kodak, the US maker of consumer photographic products, plans to build a chemicals manufacturing plant in Asia by 1995 and invest in several more, Reuter reports from Singapore.

Mr Ernest Deavenport, ECI president, told a conference in Singapore that his company had so far announced a polyethylene terephthalate glycol (PETG) plant and this was the first of a planned series of investments in the Asia Pacific region.

"Our vision for the Asia Pacific region is to have a very substantial sales presence here and as a result of that have a very substantial manufacturing presence," he said.

"For every dollar of sales, we have a dollar of investment, and we plan to grow our sales in this region from 10 to 15 per cent of a total of US$4bn, to the neighbourhood of 20 per cent or more of a much larger company," he said.

ECI's first Asia plant would require between US$40m and US$100m in investment, depending on projected annual PETG output of 30,000 to 80,000 tonnes. The size and location of the plant would be decided by August. Possible locations included Singapore, Indonesia, Thailand and Malaysia.

Ube takes stake in BP chemicals subsidiary

By Robert Thomson in Tokyo and Paul Abrahams

UBE Industries, the leading Japanese producer of materials for the nylon industry, is to acquire 30 per cent of Proquimed, a Spanish chemicals subsidiary of British Petroleum. Terms of the deal, an unusual move by a Japanese company, were not disclosed.

Proquimed, which manufactures caprolactam, a raw material for nylon, has an annual turnover of about $80m a year. BP acquired it as part of its purchase of Petromed, Spain's third largest oil refiner and retailer, in 1991. The plant, capable of manufacturing about 54,000 tonnes of caprolactam a year, was kept with BP's oil division rather than being moved to BP Chemicals.

Ube said the deal will include the transfer of its technology to the Spanish company to upgrade the production of caprolactam. The Japanese group is one of the world leaders in caprolactam manufacture. The plant employs about 300 people.

As with most other Japanese chemicals companies, Ube's sales have fallen in tandem with the slowing of the economy, and it is expected to report a pre-tax loss of about Y5bn ($40m) for the year ending in March, a sharp turnaround from a profit Y12.7bn last year.

Ube is also a leading producer of cement and has an extensive machinery division, but has been hurt by rapid expansion during the late 1980s, and is now restructuring its operations. It has already stopped production of some building materials.

The difficult domestic market conditions have encouraged the company, for which exports account for 19 per cent of sales, to broaden its international base. Ube expects the purchase of the stake in Proquimed will enable it to secure supplies of caprolactam for the still growing Asian market without the need for costly capital investment in Japan.

Foster's Brewing advances 126%

By Kevin Brown in Sydney

FOSTER'S Brewing, the Australian beer, pastoral and finance group, yesterday announced a 126 per cent increase in net profit to A$173m (US$116m) for the six months ended December 1992.

The group said the "solid performance" marked the beginning of a period of consolidation following its four-year restructuring programme, which culminated in a net loss of A$951m in the year ended last June.

However, the improvement in net profit was struck after an abnormal profit of A$18m, against an abnormal loss of A$91m in the comparable period a year ago.

The increase in net profit also masked a 15 per cent fall in pre-tax profit to A$157m, caused mainly by a 9 per cent fall in the contribution from the core brewing operations.

The group cut the interim dividend from 3 cents to 2.75 cents, unfranked, but the board said it was confident that the second-half dividend could be increased to 3.25 cents, of which 2.5 cents would be franked.

This would enable the group to achieve the directors' dividend forecast in the prospectus for last year's A$1bn rights issue, which helped reduce debt from A$4.1bn to A$2.8bn.

Mr Ted Kunkel, chief executive, said the board was confident that provisions made last year were adequate, despite the "tough" outlook for the group's loss-making finance business, which it is trying to sell.

He said Foster's would continue its efforts to refocus on its core brewing activities – Carlton United in Australia, Courage in the UK, and 40 per cent of Molson Breweries in Canada.

"The general outlook in our three main markets ... is still uncertain at best, but Foster's has in place the operational structure necessary for a tough, competitive environment," he added.

At the operating level, Carlton reported a 9 per cent cut in profit to A$101m; Courage was down 11 per cent to A$131m after a A$18m contribution to the Courage Pension Fund; and Molson's contribution fell by 6 per cent to A$70m.

The group said sales volumes fell by 4.4 per cent in Australia, 5 per cent in the UK and 3.7 per cent in Canada. Overall, sales fell by 3 per cent to A$5.1bn.

However, the Elders subsidiary, which consists of the group's residual agribusiness operations, reported an "outstanding" profit of A$5m following a series of losses.

See Lex

Wesfarmers predicts profits improvement

WESFARMERS, the Australian agricultural and energy group, expects net profits this year to improve on the A$63.05m (US$42.3m) achieved for 1991-92, Reuter reports from Perth.

Wesfarmers, headed by managing director Mr Trevor Eastwood, reported a net profit of A$26.1m for the six months ended December 1992, up from A$19.33m a year earlier.

Trevor Eastwood: Improved results from energy operations

It said the profit rise in the six months reflected improved results from its energy operations and a strong contribution from Bunnings, the 44 per cent-owned timber group.

Wesfarmers said lower earnings from its fertilisers and chemical operations were partly due to reduced margins, but mainly due to the late 1992 harvest. Most fertiliser sales occur in the second half of the fiscal year.

It said its rural trading operations achieved a strong earnings improvement, but the insurance operation was adversely affected by significant losses from hail damage to crops throughout Australia.

Wesfarmers said dairy, transport and retail activities all achieved improved results over the six months.

COMPANY NEWS IN BRIEF

● Placer Pacific, the Australian gold mining group 76 per cent owned by Placer Dome of Canada, increased after-tax profits by 11 per cent to A$74.9m (US$50.2m) in 1992 on turnover 5 per cent higher at A$607m.

The company is paying a dividend of 3.5 cents a share, having omitted the payment a year ago.

Placer Pacific said the higher profits stemmed from increased sales volumes from higher gold production and lower costs, partly offset by lower metal prices.

● Westfield Holdings, the Australian shopping-centre developer and manager, staged an 11 per cent rise to A$15.6m (US$10.4m) in after-tax profits for the six months ended December 1992.

The dividend is going up from 5.25 cents a share to 5.75 cents. Westfield said it expected the increase in dividend will be "at least maintained" for the final payment.

Westfield noted that three new shopping centres under its management opened in the period, while it was also appointed developer/manager of another. The total number of centres now under the company's management is 22, with more than 1.1m sq metres of space to let and 3,750 tenants.

● UDL Holdings of Hong Kong has completed a HK$142.6m (US$18.4m) share placement, AP-DJ reports from Hong Kong.

The private placement with institutional and private investors in New York, London and Hong Kong, involved 92m shares at a price of HK$1.55 per share. It represents 19.1 per cent of the capital of UDL, a marine and civil engineering works group.

Amoy Properties is launching a three-year multi-currency loan facility worth HK$1bn through its unit, Amoy Treasury Ltd, bankers said. The issue, which has been mandated to Barclays Bank and Deutsche Bank Hongkong.

● SKF, the Swedish bearings maker, plans to invest some M$100m ($38m) to expand its manufacturing plant in Nilai, 60km south of Kuala Lumpur, Malaysia, AP-DJ reports from Kuala Lumpur.

SKF's marketing manager, Mr Gordon Goh, said the company has already invested about M$250m at the plant, which he claimed was the most modern of the 80 SKF factories worldwide.

Mr Goh said the factory in Nilai produced deep groove and spherical roller bearings of which 90 per cent were exported to the Asia-Pacific region. He claimed that SKF had 20 per cent of the global market.

● The Saudi Monetary Agency (SAMA) has intervened to control stock market share offerings and halt what it describes as illegal action by some Saudi investors, Reuter reports from Manama.

According to locals bankers, SAMA has moved to dampen stock market speculation by asking banks to reduce credits that investors use to purchase shares.

"SAMA's action was aimed at discouraging investors from borrowing money to speculate in the Saudi stock market," a banker said.

He added that SAMA's move also aimed at halting illegal action by some Saudi investors who buy names to improve their chances in the allocation process.

Earnings at Impala Platinum down 25%

By Philip Gawith in Johannesburg

IMPALA Platinum, the world's second largest producer, saw earnings tumble by 25 per cent in the six months ended December, as weak prices negated improved production.

Income from platinum mining fell 38 per cent to R137.6m ($44.2m) and net attributable earnings fell to R93.6m from R124.7m. The dividend is being cut from 55 cents a share to 45 cents.

Tax was lower but income from associates fell 66 per cent, with both Western and Eastern Platinum not paying a dividend. Earnings per share fell by 25 per cent to 150 cents.

Impala seems to have overcome recent production and industrial relations problems. Mr Michael McMahon, managing director, said: "We think we have fixed everything that is fixable at Implats."

A 6 per cent increase in recoveries from the refinery contributed to Impala lifting refined platinum production by 46 per cent to 559,000 ounces. Total operating costs of producing an ounce of platinum fell by 22.5 per cent to R1,548 per ounce compared to the same period in 1991.

Although platinum sales rose by 16 per cent from 1991, and rhodium sales by 33 per cent, soft prices saw revenue per ounce of platinum sold decline by nearly 18 per cent.

Toshiba to sell Sun Microsystems computer clone

Toshiba of Japan plans to sell a new UNIX-based computer produced on an original equipment manufacturing basis by Sun Microsystems of the US, AP-DJ reports from Tokyo.

The new model is to be based on Sun's SPARCcenter 2000. Toshiba expects to sell 2,000 units over the next three years.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, February 15, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	69 9929	42.1891	57 8717
Albania	(Lek)	155 32	109 535	66.0233	90.5655
Algeria	(Dinar)	32 207	22 7129	13 6905	18.7795
Andorra	(Fr Fr)	7.9550	5 61	3.3815	4.6384
	(Sp Peseta)	168.00	118.477	71 4133	97 9591
Angola	(Kwanza)	10817.8	7628.91	4598 43	6307 76
Antigua	(E Carr $)	3 8124	2 6885	1 6205	2.2229
Argentina	(Peso)	1.4163	0.9988	0 602	0.8258
Aruba	(Florin)	2.5275	1.7824	1.0743	1.4737
Australia	(Aus $)	2 0915	1.4749	0.889	1 2195
Austria	(Schilling)	16 565	11 6819	7.0414	9 6588
Azores	(Port Escudo)	214.55	151.305	91.2008	125.102
Bahamas	(Bahama $)	1.4180	1	0.6027	0.8268
Bahrain	(Dinar)	0.5329	0.3758	0 2265	0.3107
Balearic Is	(Sp Peseta)	168 00	118.477	71.4133	97.9591
Bangladesh	(Taka)	55.53	39.1607	23 6046	32.379
Barbados	(Barb $)	2.8408	2.0033	1.2075	1.6564
Belgium	(Belg Fr)	48.45	34.1678	20.5951	28.2507
Belize	(B $)	2.8240	1 9915	1.2004	1.6466
Benin	(CFA Fr)	397.50	280.324	168.969	231.778
Bermuda	(Bermudian $)	1.4180	1	0.6027	0.8268
Bhutan	(Ngultrum)	42.27	29.8095	17.9681	24.6472
Bolivia	(Boliviano)	5.8316	4.1125	2 4788	3.4003
Botswana	(Pula)	3.2723	2.3076	1.3909	1.908
Brazil	(Cruzeiro)	25718.6	18137.2	10932.5	14996.3
Brunei	(Brunei $)	2.3340	1.6459	0.9921	1.3609
Bulgaria	(Lev)	37.88	26.7136	16.102	22.0874
Burkino Faso	(CFA Fr)	397.50	280.324	168.969	231.778
Burma	(Kyat)	9.4752	6.682	4.0277	5.5248
Burundi	(Burundi Fr)	354.65	250.106	150.755	206.793
Cambodia	(Riel)	2879.0	2030.32	1223.8	1678.72
Cameroon	(CFA Fr)	397.50	280.324	168.969	231 778
Canada	(Canadian $)	1.7780	1.2538	0.7557	1.0367
Canary Is	(Sp Peseta)	168.00	118 477	71.4133	97.9591
Cp. Verde	(CV Escudo)	104.77	73.8857	44.5356	61.0903
Cayman Is	(CI $)	1.2002	0.8464	0.5101	0.6998
Cent Afr. Rep	(CFA Fr)	397.50	280.324	168.969	231.778
Chad	(CFA Fr)	397.50	280.324	168 969	231.778
Chile	(Chilean Peso)	548.50	386.812	233.156	319.825
China	(Renminbi Yuan)	8.2009q	5.7834	3.486	4.7818
Colombia	(Col Peso)	1163.02	820.183	494.376	678.146
CIS ‡	(Rouble)	0.8550o	0.6029	0 3634	0.4985
		798.28m	562.962	339.333	465.469
Comoros	(CFA Fr)	397.50	280 324	168.969	231.778
Congo (Brazz)	(CFA Fr)	397.50	280.324	168.969	231.778
Costa Rica	(Colon)	195.35	137.764	83 0393	113.907
Côte d'Ivoire	(CFA Fr)	397.50	280 324	168.969	231.778
Croatia	(Dinar)	1521.73	1073.15	646.857	887.306
Cuba	(Cuban Peso)	1 0694	0.7541	0.4545	0.6235
Cyprus	(Cyprus £)	0.6971	0.4916	0.2963	0.4064
Czech Rep	(Koruna)	41.295c	29.122	17 5536	24.0787
		39 73t	28.0183	16.8884	23.1661
Denmark	(Danish Kroner)	9.0150	6.3575	3.832	5.2565
Djibouti Rep	(Djib Fr)	249.0	175.599	105.845	145.19
Dominica	(E Carrib $)	3.8124	2.6885	1.6205	2.2229
Dominican Rep	(D Peso)	18.356	12.9449	7 8027	10.7032
Ecuador	(Sucre)	2605 14o	1837.19	1107.39	1519.03
		2612.20a	1842.17	1110.39	1523.15
Egypt	(Egyptian £)	4.6738	3.296	1.9867	2.7252
El Salvador	(Colon)	12.4397	8.7727	5.2878	7.2534
Equat'l Guinea	(CFA Fr)	397.50	280.324	168.969	231.778
Estonia	(Kroon)	18.904	13.3314	8.0357	11.0227
Ethiopia	(Ethiopian Birr)	6.993	4.9315	2.9725	4.0775
Falkland Is	(Falk £)	1.00	0.7052	0.425	0.583
Faroe Is	(Danish Kroner)	9.0150	6.3575	3.832	5.2565
Fiji Is	(Fiji $)	2.2425	1.5814	0.9532	1.3075
Finland	(Markka)	8.4010	5.9245	3.571	4.8985
France	(Fr)	7.9550	5.61	3.3815	4.6384
Fr. Cty/Africa	(CFA Fr)	397.50	280.324	168.969	231.778
Fr. Guiana	(Local Fr)	7.9550	5.61	3.3815	4.6384
Fr Pacific Is	(CFP Fr)	142.50	100.494	60.5738	83.0903
Gabon	(CFA Fr)	397.50	280.324	168 969	231.778
Gambia	(Dalasi)	12.3422	8.7039	5.2464	7.1966
Germany	(D-Mark)	2.3525	1.659	1	1.3717
Ghana	(Cedi)	790.72	557.63	336.119	461.061
Gibraltar	(Gib £)	1 00	0.7052	0.425	0 583
Greece	(Drachma)	314.07	221.488	133.505	183 131
Greenland	(Danish Krone)	9.0150	6.3575	3.832	5.2565
Grenada	(E Carr $)	3.8124	2.6885	1.6205	2.2229
Guadaloupe	(Local Fr)	7 9550	5.61	3.3815	4.6384
Guam	(US $)	1.4180	1	0.6027	0.8268
Guatemala	(Quetzal)	7.5524	5.326	3.2103	4 4037
Guinea	(Fr)	1146.95	808.85	487.545	668 776
Guinea-Bissau	(Peso)	7060.0	4978.84	3001.06	4116.62
Guyana	(Guyanese $)	177.91	125.465	75.6259	103.738
Haiti	(Gourde)	16.944	11.9492	7.2025	9.8798
Honduras	(Lempira)	8.2884	5.8451	3.5232	4.8328
Hong Kong	(HK $)	10.9460	7.7193	4.6529	6.3825
Hungary	(Forint)	120.21	84.7743	51.0988	70.0932
Iceland	(Icelandic Krona)	99.715	70.3208	42.3868	58.1428
India	(Indian Rupee)	42.27	29.8095	17.9681	24.6472
Indonesia	(Rupiah)	2942.43	2075.06	1250.77	1715.7
Iran	(Rial)	2200.0v	1485	935.179	1282.8
		98.50o	66.3	41.8703	57.4344
Iraq	(Iraqi Dinar)	0.5935	0.4185	0.2522	0.346
Irish Rep	(Punt)	0.9660	0.6812	0.4106	0.5632
Israel	(Shekel)	3.9849	2.8102	1.6939	2.3235
Italy	(Lira)	2199.75	1551.3	935.069	1282.65
Jamaica	(Jamaican $)	31.162	21.976	13.2463	18.1702
Japan	(Yen)	171.50	120.945	72.9011	100
Jordan	(Jordanian Dinar)	0.9799	0.691	0.4165	0.5713
Kenya	(Kenya Shilling)	51.778	36.5148	22.0097	30.1912
Kiribati	(Australian $)	2.0915	1 4749	0.889	1.2195
Korea North	(Won)	3.0358	2.1409	1.2904	1.7701
Korea South	(Won)	1130.77	797.44	480.667	659.341
Kuwait	(Kuwaiti Dinar)	0.4380	0.3088	0.1861	0.2553
Laos	(New Kip)	1016.64	716.953	432.153	592.793
Lebanon	(Lebanese £)	2499.20	1762.48	1062.36	1457.26
Lesotho	(Maluti)	4.4420	3.1325	1.8882	2.59
Liberia	(Liberian $)	1.4180	1	0.6027	0.8268
Libya	(Libyan Dinar)	0.4121	0.2906	0.1751	0.2402
Liechtenstein	(Swiss Fr)	2.1850	1.5409	0.9287	1.274
Luxembourg	(Lux Fr)	48.45	34.1678	20.5951	28.2507
Macao	(Pataca)	11.2807	7.9553	4.7951	6.5776
Madagascar	(MG Fr)	2647.5	1867.07	1125.4	1543.73
Madeira	(Port Escudo)	214.55	151.305	91.2008	125.102
Malawi	(Kwacha)	6.2410	4.4012	2.6529	3.639
Malaysia	(Ringgit)	3.7290	2.6297	1.5851	2.1743
Maldive Is	(Rufiya)	16.9087	11.9243	7.1875	9.8593
Mali Rep	(CFA Fr)	397.50	280.324	168.969	231.778
Malta	(Maltese £)	0.5409	0.3814	0.2299	0.3153
Martinique	(Local Fr)	7.9550	5.61	3.3815	4.6384
Mauritania	(Ouguiya)	149.67	105.55	63.6216	87.2711
Mauritius	(Maur Rupee)	24.41	17.2143	10.3761	14.2332
Mexico	(Mexican Peso)	4.3818	3.0901	1.8626	2.5549
Miquelon	(Local Fr)	7.9550	5.61	3.3815	4.6384
Monaco	(French Fr)	7.9550	5.61	3.3815	4.6384
Mongolia	(Tugrik)	211.80	149.365	90.0318	123.499
Montserrat	(E Carr $)	3.8124	2.6885	1.6205	2.2229
Morocco	(Dirham)	12.665	8.9315	5.3836	7 3848
Mozambique	(Metical)	3872.15	2730.71	1645.97	2257.81
Namibia	(S A Rand)	4.4420	3.1325	1.8882	2.59
Nauru Is	(Australian $)	2.0915	1.4749	0.889	1 2195
Nepal	(Nepalese Rupee)	65.84	46.4315	27.9872	38.3906
Netherlands	(Guilder)	2.6475	1.867	1.1253	1.5437
N'nd Antilles	(A/Guilder)	2.5275	1.7824	1.0743	1.4737
New Zealand	(NZ $)	2.7618	1.9476	1.1739	1.6103
Nicaragua	(Gold Cordoba)	8.472	5.9746	3 6012	4.9399
Niger Rep	(CFA Fr)	397.50	280.324	168.969	231.778
Nigeria	(Naira)	34.947	24.6452	14.8552	20.3772
Norway	(Nor. Krone)	10.0000	7.0521	4.2507	5.8309
Oman	(Rial Omani)	0.5444	0.3839	0.2314	0.3174
Pakistan	(Pak. Rupee)	36.37	25.6488	15.4601	21.2069
Panama	(Balboa)	1.4180	1	0.6027	0.8268
Papua New Guinea	(Kina)	1.4080	0.9929	0.5985	0.8209
Paraguay	(Guarani)	2333.33	1645.51	991.851	1360 54
Peru	(New Sol)	2.51	1.77	1 0669	1 4635
Philippines	(Peso)	35 00	24 6826	14.8777	20.4081
Pitcairn Is	(£ Sterling)	1.00	0.7052	0.425	0.583
	(NZ $)	2.7618	1 9476	1.1739	1.6103
Poland	(Zloty)	23294.0	16427.4	9901.81	13582.5
Portugal	(Escudo)	214.55	151.305	91 2008	125.102
Puerto Rico	(US $)	1.4180	1	0 6027	0.8268
Qatar	(Riyal)	5.1549	3.6353	2.1912	3.0057
Reunion Is. de la	(F/Fr)	7.9550	5.61	3 3815	4.6384
Romania	(Leu)	708.75q	499.824	301.275	413.265
Rwanda	(Fr)	220.95	155.818	93.9213	128.834
St Christopher	(E Carr $)	3.8124	2.6885	1.6205	2.2229
St Helena	(£)	1.00	0.7052	0 425	0.583
St Lucia	(E Carr $)	3.8124	2.6885	1.6205	2.2229
St Pierre	(French Fr)	7.9550	5.61	3.3815	4.6384
St Vincent	(E Carr $)	3.8124	2.6885	1.6205	2.2229
San Marino	(Italian Lira)	2199.75	1551.3	935.069	1282.65
Sao Tome	(Dobra)	338.88	238.984	144.051	197.598
Saudi Arabia	(Riyal)	5.3110	3.7454	2.2575	3.0967
Senegal	(CFA Fr)	397.50	280.324	168.969	231.778
Seychelles	(Rupee)	7.5575	5.3296	3.2125	4.4067
Sierra Leone	(Leone)	755.42	532.736	321.114	440.478
Singapore	($)	2.3340	1.6459	0.9921	1.3609
Slovakia	(Koruna)	41.295c	29.122	17.5536	24 0787
		39.73t	28.0183	16 8884	23.1661
Slovenia	(Tolar)	147.765	104.207	62 8119	86.1603
Solomon Is	($)	4.4301	3.1241	1.8831	2.5831
Somali Rep	(Shilling)	3699.44	2608.91	1572.56	2157.11
South Africa	(Rand)	4.4420c	3.1325	1.8882	2.59
		6.4690g	4.562	2.7498	3.772
Spain	(Peseta)	168.00	118.477	71.4133	97.9591
Spanish Ports in N Africa	(Sp Peseta)	168.00	118.477	71.4133	97.9591
Sri Lanka	(Rupee)	65.348	46.0846	27.7781	38.1037
Sudan Rep	(Dinar)	14.120	9.9576	6.0021	8.2332
Surinam	(Guilder)	2.5204	1.7774	1.0713	1.4696
Swaziland	(Lilangeni)	4.4420	3.1325	1.8882	2.59
Sweden	(Krona)	10.6675	7.5229	4.5345	6.2201
Switzerland	(Fr)	2.1850	1.5409	0.9287	1 274
Syria	(£)	29.652	20.9111	12.6044	17.2897
Taiwan	($)	36.725	25.8991	15.611	21.4139
Tanzania	(Shilling)	481.49	339.556	204.672	280.752
Thailand	(Baht)	36.05	25.4231	15.3241	21.0204
Togo Rep	(CFA Fr)	397 50	280.324	168.969	231.778
Tonga Is	(Pa Anga)	2.0915	1.4749	0.889	1.2195
Trinidad/Tobago	($)	6.001	4.25	2.5509	3.4991
Tunisia	(Dinar)	1.4245	1.0045	0.6055	0.8306
Turkey	(Lira)	12908.64	9103 41	5487.2	7526.9
Turks & Caicos	(US $)	1.4180	1	0 6027	0.8268
Tuvalu	(Australian $)	2.0915	1.4749	0.889	1.2195
Uganda	(New Shilling)	1705.02	1202.41	724 769	994.181
U A E	(Dirham)	5.1995	3 6667	2.2102	3.0317
United Kingdom	(£)	1.00	0.7052	0.425	0.583
United States	(US $)	1.4180	1	0 6027	0.8268
Uruguay	(Peso)	5059.19	3567.83	2150.56	2949.97
Vanuatu	(Vatu)	171.43	120.896	72.8714	99.9591
Vatican	(Lira)	2199.75	1551.3	935 069	1282.65
Venezuela	(Bolivar)	115.85	81.6995	49.2454	67.551
Vietnam	(Dong)	14755.40	10405 8	6272.22	8603.73
Virgin Is-British	(US $)	1.4180	1	0 6027	0.8268
Virgin Is-US	(US $)	1.4180	1	0.6027	0 8268
Western Samoa	(Tala)	3.5674	2.5157	1.5164	2 0801
Yemen (Rep of)	(Rial)	23.298	16 4301	9.9035	13.5848
Yemen (Rep of)	(Dinar)	0.6565	0.4629	0.279	0.3827
Yugoslavia	(New Dinar)	1059.00	746 827	450 159	617.493
Zaire Rep	(Zaire)	3,723600.0	2.1156	1.2752	1.7492
Zambia	(Kwacha)	543.62	383.371	231.082	316.98
Zimbabwe	($)	9 0438	6.3778	3.8443	5.2733

Special Drawing Rights February 12,1993 United Kingdom £0.964134 United States $1.36907 Germany D Mark 2.25664 Japan Yen164.699
European Currency Unit Rates February 15,1993 United Kingdom £0.827821 United States $1.17079 Germany D Mark 1.94280 Japan Yen141.899

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate, (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; ‡ CIS applies to states in the Rouble Zone. w) Angola devalued by approx. 92%.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, February 15, 1993

Lonrho's plans for the future are well laid

The Rights Issue raised £86 million

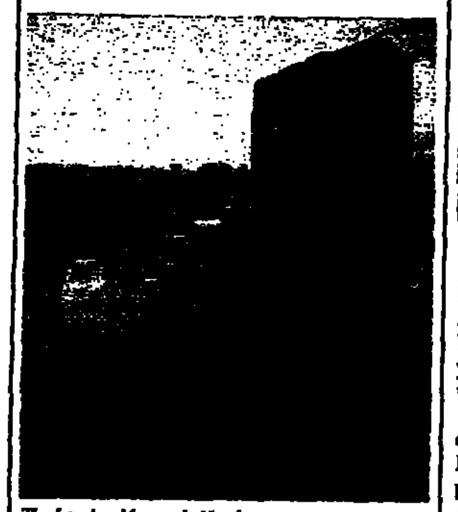
R W Rowland, Joint Chief Executive

Dear Shareholder,

Lonrho's recent Rights Issue was targeted to raise a guaranteed £86 million of direct investment into your Company. The Rights Issue, at 85 pence a share, was 13 pence above the market price.

Through the Rights Issue your Board has been able to secure a new Joint Chief Executive who could not be better qualified to take Lonrho into a new era of growth. We all welcome Mr Dieter Bock to the Board, both as an outstanding businessman in his private companies and now as a substantial investor in Lonrho.

Three further appointments to the Board have been made from within the Lonrho Group of 700 companies. John Hewlett is in charge of new agricultural developments, other than sugar, and intends to take Lonrho's experience of large-scale commercial ventures also into Eastern Europe.



The London Metropole Hotel.

Sam Jonah has been responsible for the renaissance of the world-famous Ashanti gold mines, which in the next two and a half years will exceed the million ounces per year mark. Nicholas Morrell directs Lonrho's printing and publishing operations and is responsible for the Company's trading activities with Nigeria.

The Rights Issue, together with the disposal of V·A·G (United Kingdom), has enabled the Group to reduce borrowings by a further £236 million and gearing is down from the 70% reported in 1991 to 42%**.

The past year has been the most difficult in your Company's financial history.

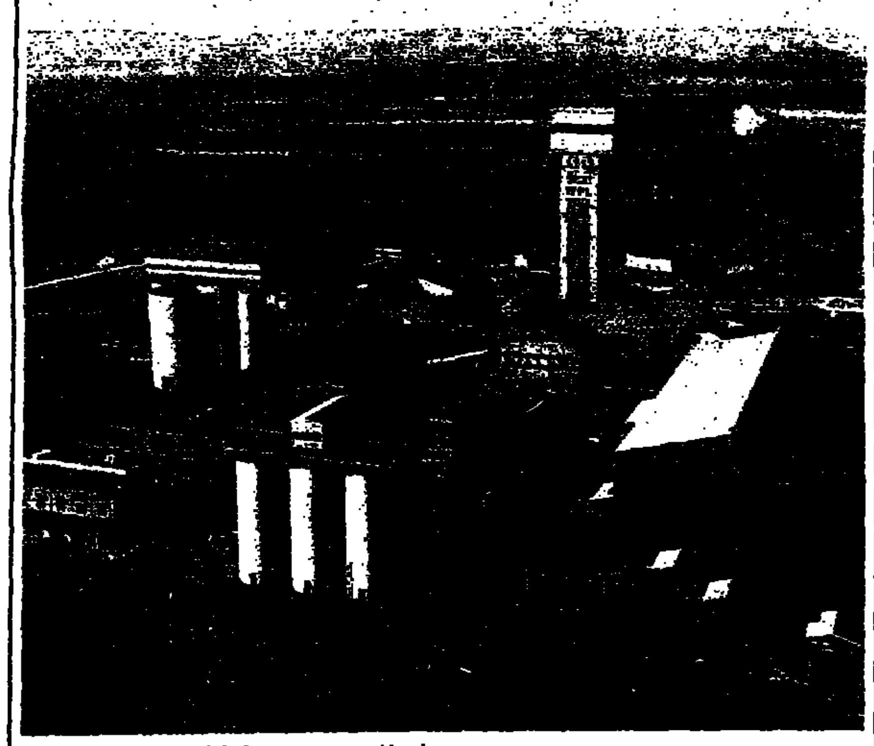
Southampton Princess – Bermuda.

Shareholders, especially long-term holders, will have been sorry to see Lonrho drop out of the 'FOOTSIE' London Stock Market Index during the year, but I expect we will be in a position to return before long.

While taking up the many excellent opportunities which we have in Europe, Lonrho intends to continue the Group's presence as the largest British investor in Africa, where we have been successful and happy. Our operations in Africa are well managed and still expanding at some pace. Democratic governments are likely to encourage trade rather than pursue the nationalising and parastatal ideas of the past.

Several countries have been able to relax Foreign Exchange restrictions with the support of the International Monetary Fund, and the resulting freer movement of currency will benefit Lonrho Plc and local Lonrho subsidiaries in Africa.

The Group's mines and hotels have been the principal objects of capital expenditure during the past five years. Your Board believes we have not seen the full potential of these assets. The major programmes are complete, with the result that capital expenditure in 1993 will fall substantially.



Western Platinum - No. 4 shaft concentrator and headgear.

Falling precious metal prices have been of the greatest concern, since your Company is a major producer of gold and platinum group metals. Economy and efficiency at the mines are always improving, but an increase in world demand is what we need.

The depressed world economy has hurt many of Lonrho's businesses despite the diversification of the Company. It was particularly sad that during a difficult year the agricultural division, such a constant contributor to profits, met with the worst drought in living memory in Southern and Central Africa. The Sugar division, however, was able to make record profits.

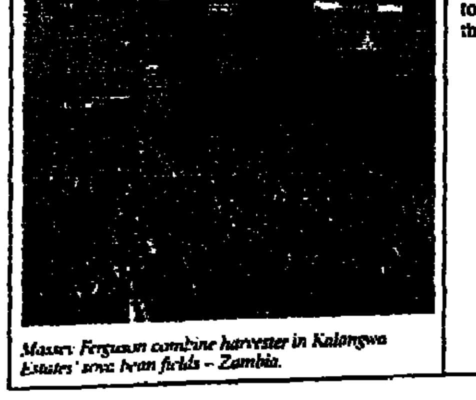
We sought as a Board to find practical and positive responses to the sharp downturn in income. As I wrote to you in the Rights Issue circular a short while ago, signature businesses will remain within the Group, and asset sales will reduce borrowings until they reach a level which benefits shareholders.

In the financial year under review, disposals of non-core businesses showed a profit of £130 million.

Lower United Kingdom interest rates on reduced borrowings will be beneficial during 1993.

Finally I should like, on behalf of the Board, to thank all the very many people who work for Lonrho for their hard work and initiative during the past year. We'll be doing better next year, thanks to them.

Yours sincerely,
Tiny Rowland



Massey Ferguson combine harvester in Kalangwa Estates' soya bean fields – Zambia.

Specimen bonds, passports, travellers cheques, currency notes and gift vouchers printed by Harrison & Sons – High Wycombe.

1992/93 HIGHLIGHTS

- **Mr Dieter Bock becomes Joint Chief Executive.**
- **The sale of V·A·G (United Kingdom) on 5 February 1993 has enabled Group borrowings to be reduced by £155 million.***
- **Gearing now down to 42%.****
- **Disposals of non-core businesses showed a profit of £130 million.**
- **Profits in a most difficult year fell from £205 million to £80 million, resulting in earnings per share reducing from 13.9 pence to 1.2 pence.**
- **Earnings per share for 1992, including extraordinary items, were 13.0 pence compared to 11.1 pence in 1991.**
- **Net assets per share are 157 pence.*****
- **Final dividend of 2 pence, bringing the total dividend for the year to 4 pence.**

**Group borrowings as published in the Rights Issue circular.*
***Gearing is based on net borrowings at 30 October 1992, adjusted for the proceeds of the Rights Issue and the sale of V·A·G (United Kingdom) Ltd, as a percentage of shareholders' funds plus minority interests, as published in the Rights Issue circular.*
****Based on figures at 30 September 1992 adjusted for the Rights Issue and the sale of V·A·G (United Kingdom) Ltd.*

The final dividend will be paid on 16 April 1993.

The following text is taken from the Review of Operations for the year ended 30 September, 1992:

MINING & REFINING

Gold production at Ashanti was a record 654,000 ounces in 1992 and the company remains on target to produce one million ounces by 1995-96. Despite depressed gold prices the company achieved record bullion revenues of US$240 million and produced at an operating cost of US$175 per ounce.

Current expansion plans are expected to place Ashanti Goldfields amongst the world's top five producers of gold. The US$140 million funding for this US$300 million project was completed by Ashanti with the I.F.C. in December 1992, and the remaining US$160 million will be obtained from internal revenue generation.

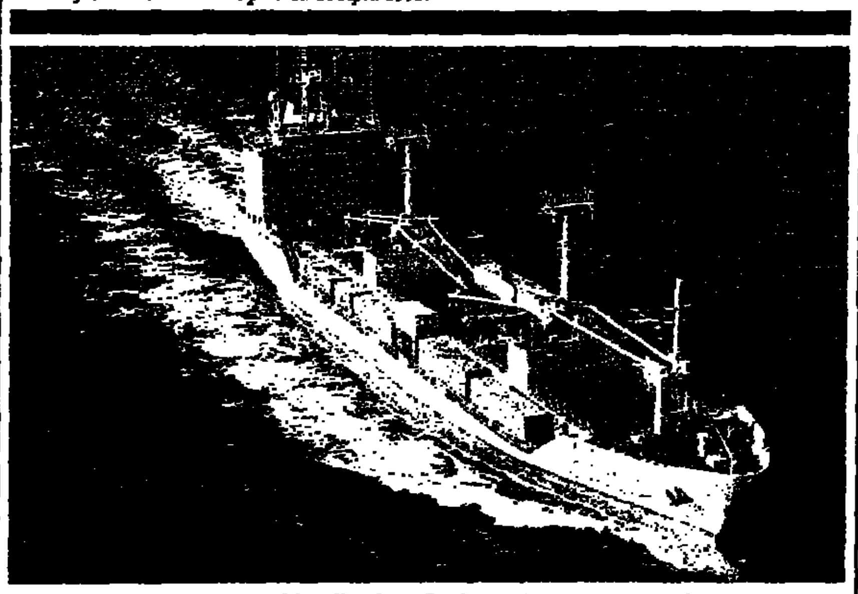
The Group's three platinum mines produced 691,000 ounces of platinum group metals in 1992, almost double the level in 1989. The major capital expansion programme is rapidly coming to an end. The three platinum mines now have a combined milling capacity of almost 8 million tonnes a year and it is planned to achieve this throughput level towards the end of 1993.

Assuming no further expansion, it is envisaged that platinum group metal production will continue increasing, finally stabilising at over 900,000 ounces a year.

In Zimbabwe gold production was at an all-time high at over 169,000 ounces.

The Group's coal mines have increased the average price received for coal by upgrading the quality, resulting in record profits.

Hondo Oil & Gas sold all of its United States oil and gas operating properties in 1992 and will now focus on the exploration and development of the Opon gas structure in the Middle Magdalena Field in Colombia.

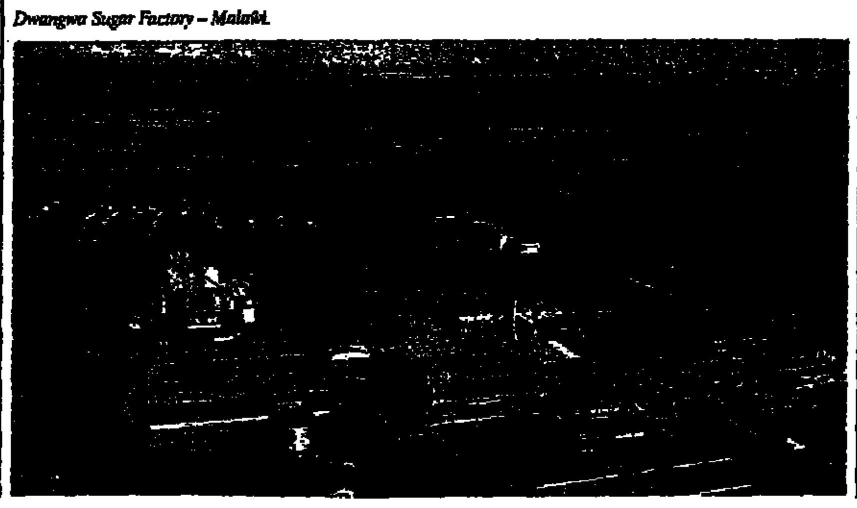


The 285,000 cu.ft. "Blue Ice" – one of three Shanghai-built refrigerated vessels commissioned by Krupp Lonrho.

AGRICULTURE

Lonrho is the largest commercial food producer in Africa where the Group's sugar activities reported record profits in 1992, with increased contributions from all countries compared to 1991. Production

Dwangwa Sugar Factory – Malaŵi.



was 4% up at nearly half a million tonnes and average prices attained have also increased. The expansion of the Sucoma estates and milling capacity in Malaŵi will be completed during 1993.

In Kenya arable crop yields were the highest ever recorded. The export base of Farmers Choice, the meat processing company, was expanded to include Malaŵi, Mauritius, Uganda and Tanzania, in addition to the United Arab Emirates.

Lomaco in Mozambique incurred losses in 1992 as a result of the drought and exceptionally low cotton prices. Lomaco will benefit substantially in 1993 from the declaration of peace and the restructuring of its operations.

Your Company was directly involved in the peace settlement.

Tea production in Malaŵi was the lowest for a number of years.

Despite the serious drought in Zambia, Kalangwa Estates achieved good profitability and cotton exports were a major foreign exchange generator.

As a result of the drought, returns from the ranching operations in Zimbabwe were poor and crop yields were lower but the timber operations held up well.

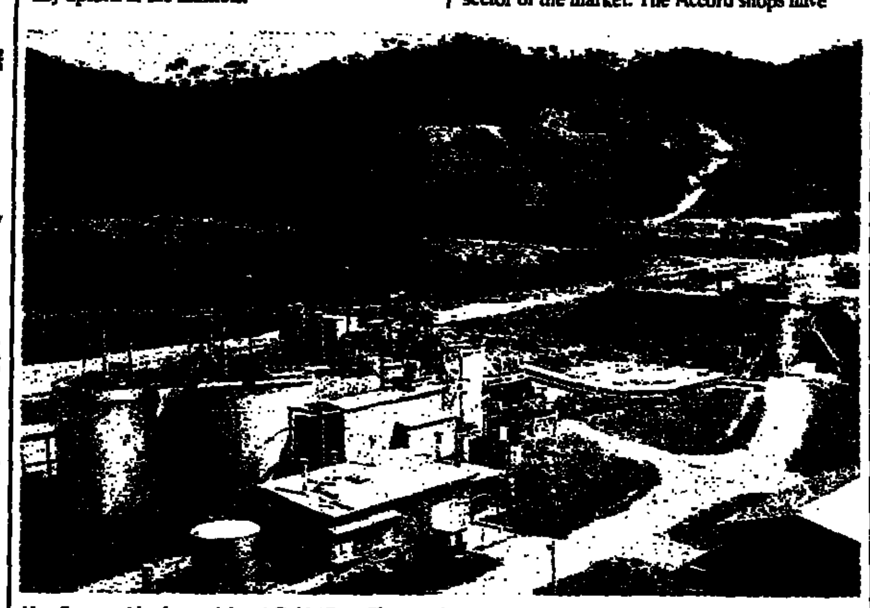
HOTELS

As a result of the issue of shares in the Metropole Group to Lafico in March 1992, £177.5 million was raised which was mainly used to repay borrowings.

Although trading profits at the Metropole Hotel Group were down for the year as a whole, the second half of the year was much improved.

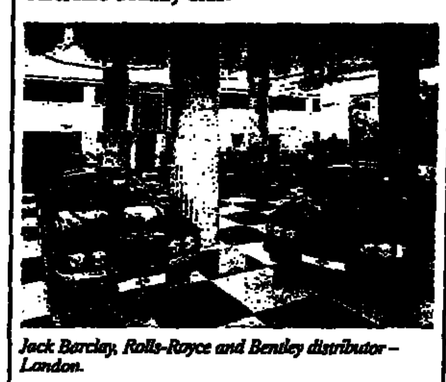
The London Metropole extension opened in November 1991 and performed well in the first year of trading. As a result of the addition of the large new conference facilities, the hotel has hosted a number of major conferences for blue chip companies and is firmly established as a prime conference venue.

Princess Hotels experienced a difficult year with the United States remaining in economic recession. Costs continue to be tightly controlled and Princess are well placed to take advantage of any upturn in the markets.



New Sansu oxide plant – Ashanti Gold Mine, Ghana.

Business in Kenya has not returned to the levels achieved before the Gulf War. The Ark Lodge has been extended, and improvements were made at Sweetwaters Tented Camp and the Aberdare Country Club.



Jack Barclay, Rolls-Royce and Bentley distributor – London.

In its first full year of trading the new 104 room Labadi Beach Hotel in Ghana has traded well and in Mozambique the Hotel Cardoso has achieved an excellent profit contribution.

The Merville Beach Hotel, Mauritius, has made a rapid recovery from the Gulf War period with occupancy and profitability up significantly.

MOTOR DISTRIBUTION

The sale of V·A·G (United Kingdom) for approximately £124 million was announced in December 1992.

The Dutton-Forshaw Motor Group has been restructured under new aggressive management. The relaxation on multi-franchising has made it possible to take on additional franchises such as Nissan and Citroën in three locations.

Jack Barclay has maintained its position as No. 1 Rolls-Royce and Bentley distributor and was profitable, albeit at a reduced level compared to previous years.

Lonrho is the largest motor distributor in Africa with agencies for Mercedes-Benz, Toyota, Peugeot, Audi, Volkswagen, Mitsubishi, Nissan, Fiat, Massey Ferguson, Rover Group, Renault, General Motors, Yamaha and other manufacturers.

Despite a significant reduction in the number of vehicles sold in Kenya, the Motor Mart Group maintained its position as the largest motor vehicle and agricultural equipment supplier in Kenya.

PRINTING & PUBLISHING

George Outram & Company and Scottish & Universal Newspapers were sold during the year at substantial premiums.

Harrison & Sons, the high security printer, has made further progress in developing its position as one of the world's leading printers of currency, achieving its highest ever level of currency sales in the year. The company had a successful year in many of its established product groups, the most notable achievement of which was the renewal of the contract with the British Post Office.

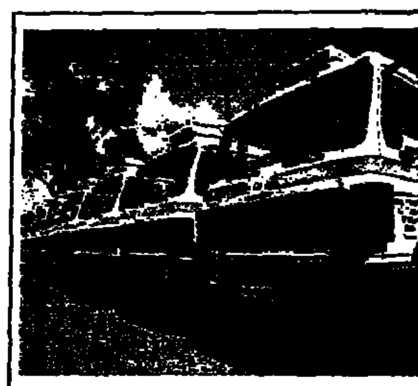
A highly successful innovation at Harrisons has been the development of its sophisticated security registration systems, primarily designed for use with the new generation of passports and identity cards.

The Observer has improved its trading performance in the highly competitive Sunday quality market.

ENGINEERING

The loss-making Firsteel Group was sold to its management in 1992, although Sheer Pride, the office furniture manufacturer, was retained.

Yamaha Manufacturing, part of John Holt Plc in Nigeria, is the distributor of Yamaha motor



Mercedes-Benz trucks distributed by Star Commercial Motors in Zambia.

cycles and increased its market share to 42%. Sales of Yamaha outboard engines and fibreglass boats, which are produced locally, again increased in volume.

Vitretex Paints in Zambia produced excellent results despite a limited supply of raw materials.

In Zimbabwe W. Dahmer manufactured and sold buses and trucks during the year but was constrained by competition in the truck market from overseas aid programmes.

Petrozim Line, the 50% held joint venture with the Zimbabwe Government, commenced construction of an oil pipeline between Feruka and Harare being an extension of the 198 mile pipeline from Beira. The laying of pipe underground is already nearly complete and work is progressing on oil terminals at both ends of the pipeline.

TEXTILES

Despite the difficult trading conditions Lonrho Textiles increased sales through its Brentford shops and the mail order trade, while demand from third parties for piece goods declined, very much in line with consumer activity.

In the Retail divisions, Brentfords, with over 150 stores, has developed a chain of successful Factory shops aiming at the discount sector of the market. The Accord shops have increased the number of outlets and broadened their store based outlets.

The David Whitehead Group increased sales from its industrial and domestic manufacturing divisions despite depressed United Kingdom and European markets.

The Group's textile operations in Malaŵi were affected by both the drought and the liberalisation of imports.

In Zimbabwe David Whitehead's operations were also severely restricted by the drought

New weaving preparation plant – David Whitehead Textiles, Zimbabwe.

impacting on the supply of cotton lint, on water for the dyeing operations and on disposable incomes affecting local demand for products.

INTERNATIONAL TRADE & GENERAL

Despite the general stagnation of demand for rolled steel products on the international steel markets, Krupp Lonrho's steel export division supplied more than 1.7 million tonnes of steel products to 70 countries. The international ocean shipping market was subject to considerable turmoil in 1992, nevertheless the Krupp Lonrho bulk ocean shipping fleet of 3.6 million tonnes, and Europe's largest, was fully occupied during the year.

Lloyd's broker F. E. Wright maintained its profitability in 1992.

Lonrho House – Nairobi, Kenya.

Lonrho CIS has expanded its operations in the Commonwealth of Independent States.

Baumann Hinde, the Group's cotton merchant, reported good profits on an increased turnover, despite the global textiles recession.

Balfour Williamson increased profits and strengthened its procurement operations especially in Eastern Europe and Africa.

Notwithstanding the continuing severe recession in the construction industry the Sunley Turriff Holdings Group produced a satisfactory profit.

The text is taken from the Chief Executive's Statement and Review of Operations contained in the Report and Accounts for the year ended 30 September, 1992 which will be published in early March. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

The eighty-fourth Annual General Meeting of Lonrho Plc will be held at The Barbican Hall, Barbican Centre, Silk Street, London, EC2 on Friday, 2nd April, 1993 at 11.00 a.m.

LONRHO

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

INTERNATIONAL CAPITAL MARKETS

Long-dated gilts continue Friday's rally

By Sara Webb

LONG-DATED UK government bonds ended about a quarter of a point higher, continuing the rally seen on Friday after the release of better-than-expected inflation figures.

The drop in the headline inflation rate to 1.7 per cent in January, from 2.6 per cent in December, prompted a surge in gilt prices on Friday. Long-dated issues continued to climb yesterday, and outperformed short-dated gilts, resulting in a further flattening of the yield curve. Four gilt taps amounting to £800m, which were announced by the Bank of England on Friday afternoon, were sold out yesterday.

GOVERNMENT BONDS

The 8¾ per cent gilt due 2017 rose $\frac{5}{16}$ to 101$\frac{1}{16}$, to yield 8.645 per cent against 8.676 per cent. Short-dated gilts ended lower or unchanged, while the Liffe gilt futures contract ended the day unchanged at 102.23, having been as high as 102.28.

■ ITALIAN government bonds picked up as political tensions eased and dealers covered their short positions. Bond prices closed off the highs of the day on profit-taking.

Hopes that yesterday's auction of three- and five-year bonds would be well-supported also helped to buoy the market, dealers said, although they pointed out that most of the demand for the L6,000bn of paper was expected to come from domestic rather than overseas investors.

On Liffe, the March BTP contract overcame resistance at 96.50 to end the day at 96.64, compared with Friday's close of 96.35.

■ THE 30-year Dutch government bond outperformed other issues as public trading in the stripped bond began yesterday.

The agency for the ministry of finance announced a new market in stripped 30-year bonds – where interest and principal are separated to create zero coupon bonds – earlier this month. The 30-year bond ended 35 basis points higher at 104.95 on its first day's trade to yield 7.10 per cent.

The ministry of finance agency said it had allotted Fl 1.8bn of its 7.5 per cent bond due 2023 for stripping, out of a total of Fl 4.5 bn.

■ ELSEWHERE in Europe, trading was lacklustre. German government bond prices moved in a narrow range, as market participants awaited the release of the January M3 data, as well as this week's repo and the Bundesbank council meeting on Thursday. With the US markets closed for a national holiday, dealers said volumes in the European markets were relatively low.

■ JAPANESE government bonds closed weaker, as investors took profits after last week's strong rally in the cash and futures markets.

The June futures contract opened at 109.61 and traded down to a low of 109.48 before closing at 109.50. The benchmark No 145 JGB opened with a yield of 4.205 per cent, corresponding to the high price of the day, and closed at 4.22 per cent. Dealers noted some bond-buying by the Bank of Japan, but said the market had edged lower on profit-taking.

● WITH effect from today, the government bond table will include the Treasury 7¼ per cent gilt due 1998, instead of the Conversion 10 per cent bond due 1996.

FT FIXED INTEREST INDICES

	Feb 15	Feb 12	Feb 11	Feb 10	Feb 9	Year ago	High *	Low *
Govt Secs (UK)	95.85	95.72	94.85	95.06	95.03	88.26	95.85	85.11
Fixed Interest	111.62	111.18	110.56	110.65	110.63	101.23	111.82	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 111.62 (15/2/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8
Gilt Edged Bargains	158.2	136.5	141.8	161.0	162.3
5-Day average	152.0	149.7	155.8	160.9	169.8

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	109.7891	+0.410	8.43	8.78	8.85
BELGIUM		8.750	08/02	106.4900	+0.040	7.74	7.83	7.51
CANADA *		7.250	06/03	97.3000	+0.700	7.63	7.86	7.95
DENMARK		8.000	05/03	95.1000	-0.020	8.76	8.75	8.44
FRANCE	BTAN	8.500	03/97	101.9425	-0.138	7.91	7.62	7.75
	OAT	8.500	11/02	104.3300	-0.030	7.84	7.74	7.74
GERMANY		8.000	07/02	106.4500	-0.090	7.04	7.07	7.08
ITALY		12.000	05/02	96.6150	+0.200	13.02†	12.91	13.42
JAPAN	No 119	4.800	06/99	103.9171	-0.005	4.03	4.09	4.23
	No 145	5.500	03/02	108.3759	-0.007	4.22	4.30	4.38
NETHERLANDS		8.250	08/02	108.9000	+0.030	6.92	6.98	7.10
SPAIN		10.300	06/02	93.4500	-0.025	11.45	11.24	12.07
UK GILTS		7.250	03/98	102-09	-1/32	6.71	6.74	7.21
		9.750	08/02	111-29	+1/32	7.92	8.05	8.41
		9.000	10/08	105-01	+3/32	8.39	8.55	8.83
US TREASURY *		6.375	08/02	99-26	+7/32	6.40	6.33	6.59
		7.625	11/22	104-12	-	7.26	7.17	7.35
ECU (French Govt)		8.500	03/02	102.4250	+0.070	8.12	8.07	8.22

London closing, *denotes London prices. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

World Bank adds to stream of Canadian dollar issues

By Richard Waters

INTERNATIONAL demand for Canadian dollar bonds remained strong yesterday as the World Bank added to the stream of issues in recent weeks with a C$250m offering of its own.

INTERNATIONAL BONDS

The bank's five-year issue, which sold out quickly and went to a premium in early trading, took the total amount of Canadian dollar bonds issued this year to more than C$6.5bn.

Quebec's first global bond offering, a 30-year deal to raise at least C$1bn, and reports of another prime name looking to borrow in the currency, are likely to keep the Canadian dollar at the centre of attention for some days to come.

The World Bank's issue, priced to yield 23 basis points over five-year Canadian government bonds, was sold out before the Canadian market opened, meeting strong demand in the Far East and Europe.

In the afternoon in London, the bonds were bid at 99.65, comfortably above their 99.54 reoffered price. With the Canadian government market performing strongly, the spread narrowed to around 22 basis points at the end of the day.

The strength of the Canadian dollar swap market owes much to continuing demand from issuers. Yesterday's World Bank deal, which is believed to have been swapped, depressed the spread on five-year swaps slightly to around 70 basis points. Even at that level, though, the market is considered attractive: a borrower able to issue bonds at a yield spread of 50 basis points over the government market, for instance, would achieve a borrowing cost of 20 basis points under Libor.

Quebec's global bond issue was said by lead managers Merrill Lynch and Scotia McLeod to have met strong demand from insurance companies and pension funds in the US and Canada. The bonds are expected to be formally launched once the US market reopens today, with a yield spread of approaching 90 basis points.

Sanwa joined the growing number of Japanese banks to increase their regulatory capital by issuing perpetual floating-rate notes, through Sanwa Finance Aruba.

In a structure similar to that used by other banks, the $300m of notes carry a margin of 75 basis points for the first five years, rising eventually to 175 basis points after 10 years. The bank can call the issue after five years.

Such paper is generally considered an expensive option for the banks, though it is still said to be cheaper at present than raising money through subordinated loans from Japanese insurance companies, an alternative source of tier two capital.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Sanwa Finance Aruba(a)‡	300	(a)	100	(a)	0.3/0.15	Sanwa International
D-MARKS						
BMW Finance(b)‡	200	(b)	100	Mar.2003	0.35/0.2	Commerzbank
CANADIAN DOLLARS						
World Bank	250	7.25	101.165	Mar.1998	1.875/1.625	RBC Dominion Secs.Int.
PESETAS						
Eurofima(c)	10bn	11.1	101.6	Mar.2003	1.875/1	BN Argentaria

Final terms and non-callable unless stated. ‡Floating rate note. a) Coupon pays 3-month Libor + 0.75% for years 1-5, + 1.25% for years 6-10 and + 1.75% thereafter. Callable from 24/2/98 at par. b) Coupon pays 6-month Libor + 0.3125%; maximum 7.8125% after 10/3/95. 20,000 floors issued separately at DM660 each entitle holders to supplementary interest payments when coupon dips below 7.5% after 10/3/95. c) Matador bond.

IMI raises $200m in seven-year loan deal

By Tracy Corrigan

ISTITUTO Mobiliare Italiano (IMI), the Italian financial group, is raising a $200m seven-year loan, the first substantial deal for an Italian state-controlled borrower since Efim, the state industrial holding group, went into liquidation last July.

Bankers said the deal was a key test of sentiment towards Italian borrowers, which until recently have been virtually barred from the syndicated loans market, as a result of the Efim debacle.

A recent flurry of deals consisted mainly of small transactions for financial institutions. Mediocredito Lombardo, Istituto Nazionale per il Credito Edilizio and Monte dei Paschi di Siena were among those that have recently tapped the market.

Because they are constrained to match the maturity of their borrowings to their assets, Italian financial institutions face heavy medium-term financing needs, which are divided between the domestic bond market, the international bond market and the syndicated loans market.

Italian and foreign banks are still owed L9,500bn ($6.1bn) following Efim's collapse. After initially proposing to repay the loans using bonds with below-market interest rates, the Treasury bowed to pressure from the banks and agreed to full repayment, which creditor banks are hoping to start to receive towards the end of April.

Nevertheless, some banks remain ill-disposed towards lending to Italian state borrowers.

However, IMI does not appear to be paying punitive rates. It will pay interest of 0.35 point over the six-month London interbank offered rate for the first five years, rising to ⅜-point over Libor.

Repayment will be in 11 six-monthly instalments after an initial two-year grace period. The commitment fee is 17½ basis points.

The deal, arranged by ABN-Amro, is fully underwritten.

Bank of England faces pressure for auction timetable

By Sara Webb

THE BANK of England continues to face pressure to set an official calendar for its auctions of UK government bonds, as investors press for a predictable timetable similar to those in the US and France, according to the Bank of England's Quarterly Bulletin*.

The Bank says that its survey of around 70 investing institutions, both domestic and overseas, indicated that while most are satisfied with the way in which the gilt market operates, some were keen that "the authorities should move from the current discretionary auction timetable to a pre-announced auction calendar".

However, the Bank argues there is an "advantage to both the authorities and the market as a whole in retaining an element of flexibility in the execution of the funding programme, particularly with regard to tap sales as a supplement to the auction programme".

It says the current arrangement allows it to respond to market conditions. For example, immediately after the Conservative victory in the April general election, demand for gilts was very strong and the Bank sold an estimated £3bn-£5bn of stock through the night and the following day.

The bulletin points to "an encouraging degree of satisfaction among the investor community with the gilt market-making service provided by the GEMMs [gilt-edged market-makers]", and says that the approach to funding received broad support from investors.

The Bank held five gilt auctions in 1992 for a combined amount of £12bn (nominal), representing just under 40 per cent of the total stock issued.

The total nominal value of gilt-edged stock outstanding rose from £122.4bn at the end of 1991 to £144.1bn at the end of 1992. This exceeds the previous peak of £141bn in March 1988.

The Bank noted an increase in the market's holdings of long-dated conventional gilts – from 8.2 per cent to 13.7 per cent of total holdings – which was offset by falls in short- and medium-dated issues.

"The decision to concentrate new issues in longer-dated maturities was influenced by good demand for such stocks from domestic institutional investors, which were the major buyers of gilts in the course of 1992 as they sought to increase their holdings of gilts and to lengthen their portfolios," the Bank says. Investors sought to maximise capital gains as interest rates fell by buying long-dated issues.

**The gilt-edged market: developments in 1992 – from the Bank of England's Quarterly Bulletin. The article was released ahead of the February 16 publication date.*

UK housing association launches £50m debenture

By Richard Waters

PEABODY TRUST, a UK housing association, added to the supply of secured bonds in the domestic market with a £50m, 25-year debenture issue.

The bonds, secured on housing estates in London, have a coupon of 10½ per cent and were priced yesterday to yield 165 basis points over the 8¾ per cent gilts due 2017. The money is being raised in part to help finance the purchase of empty housing, part of government initiatives launched last year. It will also be used to repay existing bank debt.

Covenants in the issue include provisions that allow investors greater access to information about the company. This and similar covenants in other recent issues have been prompted by concern at the failure of a debenture issue from London & Provincial, which was repaid early at less than face value.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on February 15

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	40	22	14
Other Fixed Interest	12	3	0
Commercial, Industrial	410	195	814
Financial & Property	246	68	482
Oil & Gas	28	19	37
Plantations	2	0	6
Mines	26	38	75
Others	44	34	38
Totals	808	379	1,466

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb 8
- Last Dealings Feb 19
- Last Declarations May 20
- For settlement June 1

3-month call rate indications are shown in Saturday editions.

Calls in: **Aegis, ASDA, Avesco, Brown & Jackson, Costain, Enterprise Computer, Ferranti, Kunick, Lonrho, McCarthy & Stone, ML Labs., Premier, Queens Moat, Ransomes and Tesco.** Put in: **Tay Homes.**

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1993. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LIFFE EQUITY OPTIONS

[illegible]

Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Nat. (*358)	330	33	38	43	6	12	17
	360	12	21	29	20	27	32
Amstrad (*23)	20	4½	5½	6½	1	1½	2½
	25	1½	3½	4½	3½	4½	5
Barclays (*448)	420	34	43	49	14	24	35
	460	11½	23	31	38	47	58
Blue Circle (*213)	200	21	26	32	7	18	25
	220	10	17	23	17	30	36
British Gas (*287)	280	13	17	22	6	14	17
	300	4	7½	13½	18	28	30
Dixons (*217)	200	24	33	38	5	11	17
	220	12	21	26	13	20	27
Eurotunnel (*480)	460	37	61	78	20	37	47
	500	19	41	58	52	58	68

Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*249)	240	17	33	46	7	26	35
	260	7	25	37	16	36	46

FT-SE INDEX (*2848)

	2650	2700	2750	2800	2850	2900	2950	3000
CALLS								
Feb	199	149	99	54	18	5	1	1
Mar	207	160	119	82	52	30	15	8
Apr	215	173	135	101	71	50	33	20
May	234	194	155	122	92	72	52	37
Jun	-	203	-	136	-	85	-	50
Dec †	-	295	-	230	-	180	-	138
PUTS								
Feb	1	1½	2	5½	22	61	111	161
Mar	8	13	21	34	56	86	124	166
Apr	18	26	35	53	75	102	134	173
May	29	38	51	67	90	118	149	184
Jun	-	50	-	83	-	130	-	195
Dec †	-	105	-	140	-	185	-	235

February 15 Total Contracts 31,865
Calls 18,492 Puts 13,373
FT-SE Index Calls 6,483 Puts 2,187
Euro FT-SE Calls 127 Puts 312
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Mon Feb 15	Day's change %	Fri Feb 12	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	129.22	....	129.21	1.52	1.72
2	5-15 years (23)	148.31	+0.01	148.29	2.06	2.01
3	Over 15 years (9)	155.51	+0.22	155.16	1.70	1.28
4	Irredeemables (6)	176.19	+0.96	174.50	3.08	0.00
5	All stocks (61)	144.35	+0.05	144.27	1.84	1.79
	Index-Linked					
6	Up to 5 years (2)	183.79	-0.17	184.10	-0.02	1.51
7	Over 5 years (12)	170.40	+0.45	169.89	0.55	0.87
8	All stocks (14)	171.03	+0.37	170.62	0.48	0.96
9	Debs & Loans (61)	125.71	+0.39	126.82	1.75	1.86

	AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 15	Fri Feb 12	Year ago (approx.)
	British Government				
1	Low	5 years	6.34	6.33	8.64
2	Coupons	15 years	7.91	7.92	9.15
3	(0%-7¾%)	20 years	8.25	8.28	9.15
4	Medium	5 years	6.95	6.95	9.42
5	Coupons	15 years	8.41	8.43	9.23
6	(8%-10¾%)	20 years	8.59	8.62	9.19
7	High	5 years	7.14	7.09	9.65
8	Coupons	15 years	8.68	8.72	9.32
9	(11%-)	20 years	8.76	8.82	9.25
10	Irredeemables (Flat Yield)		8.69	8.78	9.33
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	1.89	1.82	3.64
12	Inflation rate 5%	Over 5 yrs.	3.52	3.55	4.27
13	Inflation rate 10%	Up to 5 yrs.	0.99	0.92	2.93
14	Inflation rate 10%	Over 5 yrs.	3.32	3.35	4.07
15	Debs &	5 years	8.67	8.56	10.88
16	Loans	15 years	9.52	9.53	10.64
17		25 years	9.74	9.79	10.47

Biotechnology sector welcomes SE rule changes

By Clive Cookson, Science Editor

THE UK biotechnology industry has welcomed proposed changes in Stock Exchange rules which would make it easier for young pharmaceutical companies to obtain a full listing.

The BioIndustry Association, a trade body with 180 members ranging from small biotech start-ups to large companies, said the proposed relaxation in rules "may encourage Britain's biotechnology industry to raise funds here rather than having to go to the US."

The period of consultation on the new rules for "companies without an adequate record" ended yesterday and the Stock Exchange is expected to introduce them later this year.

They would allow a pharmaceutical company that had been in existence for three years to seek a listing even if it had no products on sale, so long as it had at least two new drugs in clinical trials.

However, Mr Louis Da Gama, executive director of the BioIndustry Association, said non-pharmaceutical biotechnology companies – such as those aiming at agricultural markets – were not happy with the proposed changes, which would continue to exclude them from a listing. "Already some of our members have gone to the US to meet their current needs and more may follow their lead," he said.

So far only one UK biotech company – Oxford-based British Biotechnology – has obtained a full London listing. Others have taken advantage of the less restrictive Nasdaq listing rules in the US.

Reorganisation at HQ of ICI drugs offshoot

ZENECA Pharmaceuticals, the drugs arm of Imperial Chemical Industries, is reorganising its international research headquarters at Alderley Park, Cheshire.

The site employs some 700 researchers, representing about 70 cent of Zeneca's research effort. The group last year spent £257m on research and development and expects to spend up to £300m this year.

The change is aimed at increasing the group's impact in its chosen therapeutic areas, according to Dr Tom McKillop, deputy chief executive. The reorganisation involves setting up four new departments dealing with cardiovascular diseases, musculoskeletal and vascular inflammatory illnesses, infection and cancer.

Each department will have a new manager. Cardiovascular is headed by Dr Mike Turnbull; Cancer by Dr David Julian; Vascular Inflammatory and Musculoskeletal by Dr Barry Furr; and Infection by Dr Graham Boulnois. They report to Dr David U'Prichard, research general manager.

Meanwhile, ICI has appointed Mr John Coleman, group environmental affairs manager, as its group personnel manager. Dr Jim Whiston, presently group safety manager, moves to the new post of group safety, health and environment manager. He currently chairs the UK's Chemical Industry Association responsible care advisory group.

McCarthy & Stone cautious

Mr John McCarthy, chairman of McCarthy & Stone, the sheltered accommodation group, told the AGM that the timing of a sustained recovery was unclear. In the five months to end-January, the group made 223 (221) unit sales.

Hands-on venturers take new course

Tim Coone on the transformation of DCC into a holding company

LAST DECEMBER, as the minds of Dublin's corporate financiers were focused on more seasonal matters such as the state of household budgets and the office party, two deals were suddenly sprung on the market.

Behind them was DCC, a private company founded and headed by Mr Jim Flavin, a maverick figure who in 16 years has built a local I£1m venture capital operation into an industrial holding company with pan-European ambitions and net assets in excess of I£130m (£135m).

The two December deals involved a total of I£20m being offered to buy out Wardell Roberts, a health and snack foods company, and Printech, one of the largest computer documentation printers in Europe.

DCC, and those acting in concert with it, already held 34 per cent and 66 per cent of the two companies respectively. Both offers have since been declared unconditional.

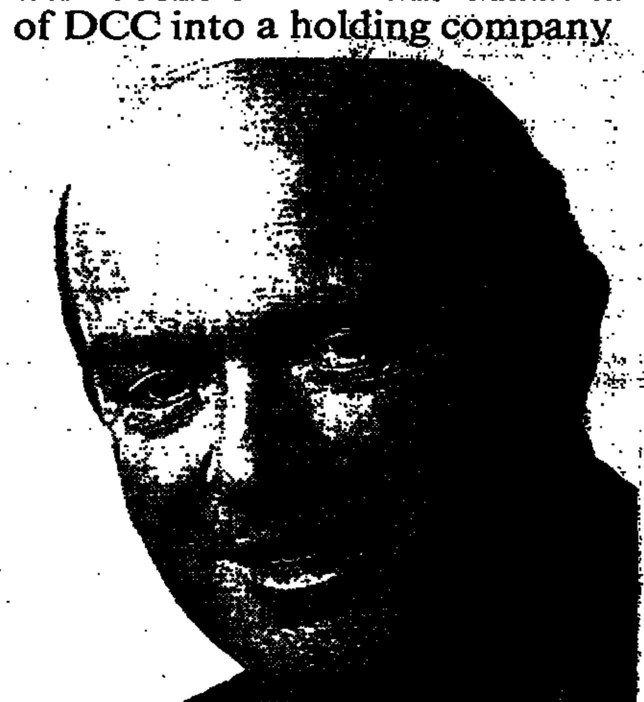
The offers attracted sharp criticism. They were "pathetically derisory" and "represent a threat to the long term viability of the Irish Stock Exchange if sound second line companies can be taken out like this," said Mr John Lawrie, chief investment manager at Scottish Provident.

He believed the lack of a market for second line companies had grossly undervalued them. Mr Flavin would not disagree, perhaps giving a clue to his success and to his switch away from venture capitalism.

DCC was responsible for bringing both firms to the stock market. Printech was admitted to the Official List only in May 1991.

Speaking at his headquarters, set characteristically in leafy suburban surroundings on the south side of Dublin away from the huddle of corporate head offices in the overcrowded city centre, Mr Flavin said that a change in corporate strategy had coincided with a secular downturn in the performance of the smaller companies quoted on the Irish market.

"Around the end of 1990, we decided that if we were to grow, we would have to expand outside of Ireland. Given the tough time that venture capital companies have had in the US and mainland Europe, we felt it would be difficult to compete in this field. We therefore decided to become an industrial holding company" he said.



Jim Flavin: new strategy concentrates on five core areas

Since then there has also been "a relative underperformance of smaller companies" quoted in Dublin, which he said "has been more savage than the normal cycle".

A slowing of funds into the market, combined with the disappearance of exchange controls and the diversification of institutional portfolios into overseas equities and gilts has resulted in the market "doing nothing for shareholders or the corporate entities concerned", Mr Flavin said.

Although private, more than 90 per cent of DCC shares are held by financial institutions and pension funds. The largest holders are Bank of Ireland with 20 per cent, and Irish Life Assurance with 13 per cent.

He set up the company in 1976, after managing Allied Irish Banks' venture capital fund for several years. "I knocked on the doors of 13 institutions and received a 'yes' from 11 of them", Mr Flavin said.

He said the new strategy would concentrate on five core areas – food, healthcare, office automation, printing and energy.

Besides the Printech and Wardell Roberts deals, DCC has bought two thirds of the 11m Fyffes shares sold by the McCann family last December, taking its stake to 11 per cent.

Through its 77 per cent holding in Fannin, it has a strong foothold in the medical and surgical supplies field and the specialist microsurgery sector, which Mr Flavin sees as strong growth areas.

Through its 30 per cent stake in Flogas, DCC is entering the natural gas distribution sector in the UK.

In its last full year results DCC reported pre-tax profits of I£13.5m and earnings per share of 76.5p.

Since 1990, the investment portfolio has been steadily reduced from 42 to 19 companies. In its quest for European expansion, it plans to become a plc within two to three years.

"We have built up cash from the disposals, but we are seeing a lot of opportunities to add value and we are thinking of a flotation to build up the coffers," Mr Flavin said.

"Five years ago we were predominantly trading in Ireland. Now 80 per cent of our business is done in the UK. Five years from now I expect 20 per cent will be in Ireland, 40 per cent in the UK, and 40 per cent on mainland Europe with some in the US."

As one of Ireland's leading venture capital companies in the eighties, where does DCC's change of strategy leave the venture capital sector now?

"I think the Unlisted Securities Market experiment has been a failure. Although there have been some successes, there have been a lot of duds. With hindsight, small companies should not go to the stock market until one has built up an enduring record.

"Small may be beautiful but big is strong, and the smaller companies can end up pretty vulnerable without a broad market base and strong in-depth management".

He also criticised the lack of a clear industrial strategy by the government.

"I am in favour of a government interventionist approach to industry. Not in ownership, but to research, to guide and to prod along. There needs to be more policy research. Even the big corporations tend to stick to what they know best.

"An industrial policy is paramount and the ad hoc, scattergun approach, creating a factory at every crossroads, is not a formula for a sound industrial development strategy," he said.

DCC has set up its own research unit to plan an acquisition programme "which will take us into Europe" he said. "As a venture capital company we have had experience with a wide range of sectors and we are now focused on the ones we find the most interesting".

In defying the trend of the move away from broad-based holding companies, Mr Flavin believed DCC's strategy would work because "we were always a hands-on venture capital company, so we felt comfortable with becoming an industrial holding company".

He added: "Divisional managers have a lot of autonomy and plenty of incentives to achieve competitive results. In 16 years we have developed good financial and strategic planning skills, and we have good operating management skills. We are now in the process of fusing the two."

FINANCIAL TIMES

Published in

LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO

Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex: (Advertising) 885033. Telephone: 071-873 3000. Fax: (Advertising) 071-873 3063.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: Editorial: PO Box 1296, 1000 BG Amsterdam. Tel 6276795 Fax 6235691. Advertising and Circulation Herengracht 472 1017 CA Amsterdam. Telex 16527 Fax 235691. Editorial Tel (020)6276796 Advertising & Circulation Tel. (020) 6239430-6225858

Bangkok: Maneeya Centre Building. Penthouse Floor 518/5 Ploenchit Road. Bangkok 10330 Tel 254 6906; 251 1138 253 5522 Fax 254 4843

Birmingham: Editorial and Advertising George House, George Road, Edgbaston, Birmingham B15 1PG. Fax 021-455 0869 Tel 021-454 0922

Bonn: Editorial Heussallee 2-10, Pressehaus 11/104, D-5300 Bonn. Telex 8869542 Tel 0228-21 00 39 Fax 220666

Bristol: Editorial, Advertising and Circulation Merchants House, Wapping Road. Bristol BS1 4RW Tel: 0272 292565 Fax 0272 225974

Brussels: Editorial, Advertising and Circulation Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. Editorial Telex 23283. Tel 02-512 9037 Advertising and Circulation Telex 64219 Tel 02-513 2816

Buenos Aires: Editorial Edificio Safico Piso 7 No. 74 Avenida Corrientes 456, Codigo 1366. Buenos Aires. Tel: 01 394 7696.

Cairo: Editorial Flat 41, 19 Gabalaya Street. Zamalek Cairo Tel: 341 6548/341 6549 Telex 94169 Fax 341 3548.

Copenhagen: Advertising and Circulation Financial Times (Scandinavia) Vimmelskaftet 42A DK-1161 Copenhagen-K Denmark. Telephone(33)13 44 41 Fax(33)93 53 35

Dublin: Editorial 20 Upper Merrion Street. Dublin 2. Tel: 762 071. Fax 762 125.

Edinburgh: Editorial and Advertising 37 George Street. Edinburgh EH2 2HN. Telex 72484. Tel: 031-220 1199 Fax 031-220 1578.

Frankfurt: Editorial, Advertising and Circulation Nibelungenplatz 3, 6000 Frankfurt 1 Tel 069-156850 Editorial Fax 069-5964542 Advertising Fax 069 5964521 Circulation Fax 069 5964482

Geneva: Editorial Salle de Presse No1. Palais des Nations, Avenue de la Paix CH-1211 Geneva 10. Tel (022)734 0425 Telex 27760 Fax (022) 733 7052. Advertising and Circulation 15 rue du Cendrier. CH-1201 Geneva. Tel (022) 7311604

Hong Kong: Editorial. 19a Shun Ho Tower. 24-30 Ice House Street. Central Hong Kong. Tel 845 3311 & 845 3312 Telex 67940 FKHKG Fax 868 4224. Advertising 17th Floor Ice House Street, Central, Hong Kong. Tel. 868-2863/83 Fax. 537 1211

Jerusalem: Editorial c/o Government Press Office. P.O. Box 83. Beit Agron, 37 Hillel Street. Jerusalem 94581. Tel. 25 30 98.

Johannesburg: Editorial 4th Floor. Royal St Mary's, 85 Eloff Street. Johannesburg 2001 Telex 4-86063 Tel 011 333-4423 and 011 33-3151 Fax 337 5911

Leeds: Advertising 4 Wharfe View Wetherby West Yorkshire LS22 4HB Tel 0937-588880 Fax 0937 588881

Lisbon: Editorial Rua do Prior 4 Lapa 33 1200 Lisbon Telex 12533 Tel 674405

Madrid: Editorial Calle Recoletos 1-5 floor Madrid 28001 Tel 337 0626 or 337 0537 Fax 337 3866. Advertising and Circulation Serrano 58 28001 Madrid Tel. 577 08 09 Fax 577 68 13

Manchester: Editorial Advertising and Circulation Alexandra Buildings. Queen Street Manchester M2 5HT Tel 061-834 9381 Fax 061-832 9248

Mexico City: Editorial Apartamento 302 Aristoteles No 12. Colonia polanco. Mexico DF 11560 Tel 545 3882

Milan: Editorial Piazza Cavour 2 Milan 20121 Tel 760 06188 or 782279 or Fax 781075

New Delhi: Editorial 23 Malcha Marg, Chanakyapuri, New Delhi 110021 Tel 3014308-6484 Telex 3161 626

New York: Editorial, Advertising and Circulation 14 East 60th Street New York 10022 Editorial Telex 66390 Tel 0212-752 7400. Advertising and Circulation Tel 212-752 4500 Advertising Fax 212-319 0704 Circulation Fax 212-3082397

Paris: Editorial, Advertising and Circulation Centre d Affaires Le Louvre 168 Rue de Rivoli, 75044 Paris Cedex 01 Telex 220044 Editorial Tel 01033-1-4297 2000 Advertising Tel 01-1-4297 0621. Circulation Tel 01-4297 0623.

Rio de Janeiro: Editorial Avenida Rio Branco 45, Salas 2001-2003 Centro CEP 20090 Rio de Janeiro RJ Telex 213 3893 Tel. 021-263 8845

Rome: Editorial, Via della Mercede 55 Rome 00187. Telex 610032. Tel. 06-678 3314

Stockholm: Editorial c/o Svenska Dagbladet Rastambsvagen 7, 10517 S-Stockholm Telex 17603. Tel 08-618 6088 Fax 08-618 2056

Sydney: Editorial Level 49, MLC Centre, Martin Place, Sydney NSW 2000 Tel 238 2274 Telex 23650 ATTN FT Fax 232 8316 ATTN F.T

Tokyo: Editorial 11th Floor Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo. Fax 3241 2854 Tel: 3241 2920/2959 Advertising Kasahara Building, 6-10 Uchikanda 1-chome, Chiyoda-ku, Tokyo 101 Advertising Tel 03-3295 4050 Fax 03 3295 1264. Circulation Tel 03 3295 1711 Fax 03 3295 1712.

Washington: Editorial 1225 Eye Street N W Suite 810. Washington DC 20005. U S A Tel (202) 289 5474 Fax 202 289 5475.

SUBSCRIBE NOW
Call Gill Hart on Frankfurt 069 156850

For FT Cityline Directory, FT-SE 100 Index and MF Access phone 0898 123456; Stock Market Report, 0898 123001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request

BUSINESSES FOR SALE

BET raises £39m from sale of three companies

By Richard Gourlay

BET, the business services group, has sold Boulton & Paul, the joinery company that has been running at an operating loss of more than £1m a month.

The management, backed by Schroder Ventures, is paying £14.5m for the company, which has been severely hit by the deteriorating housing market over the past three years.

Boulton & Paul had become the most intractable problem for BET during its programme of divesting assets unrelated to the company's core operations.

The offshoot was put up for sale in 1990, at the same time that BET offered Anglian, the double glazing company, for sale.

Anglian was almost bought by management and has since returned to the market with a capital value of about £250m.

However, in the 12 months to March this year, Boulton & Paul's sales have shrunk to an estimated £70m, from £90.6m in the previous year, when losses were £9.5m after reorganisation costs.

BET also announced yesterday the sale to management of Leada Acrow, the plant services company, for £8.5m and Initial Ireland, the textile services company, to Spring Grove Service for £3.5m.

The group also realised £12.3m of capital employed in the businesses before they were sold.

In total BET raised £39m in cash from the sales, but it has suffered a £31m shortfall over the book value of the assets. This is covered by the existing £90m provision BET set up when it began the disposal programme. Some £42m of this provision remains unused.

Mr John Clark, chief executive, said the sales would increase group profitability and "are an important step forward in the turnround of BET".

The sale of Boulton & Paul will help the profit and loss account but may not be enough to save the final dividend.

At the interim stage, Mr Clark said it was the group's "current intention" to maintain the final 6.5p dividend. BET confirmed yesterday that remained the group's position.

The sale of the loss-making UK companies will also help reduce the ACT problem which emerged at the half way stage. BET had to write off ACT because it was not making enough profit against which to offset it.

Initial Ireland had sales of £9.2m in the year to March. BET said it has now completed its sales in the textile services area.

Leada Acrow had sales of £11.3m.

Swedish diversification move will strengthen process engineering division

Anglian paying £36m for Nordic Water

By Angus Foster

ANGLIAN WATER, one of the slowest of the privatised water companies to expand into unregulated areas, is strengthening its process engineering division with the purchase of the Swedish-based Nordic Water.

Anglian will pay SKR380m (£36m), including £8m of cash, for Nordic, which is part of the real estate and construction group NCC.

Nordic will be combined with Anglian's existing, and smaller, process engineering subsidiaries to create a division with annual sales of about £110m.

Mr Alan Smith, Anglian's group managing director, said the acquisition provided "critical mass" and increased opportunities for international business, such as BOT – build, operate and transfer – schemes.

He said Anglian had "never been opposed to diversification, but we've been very cautious about it and have refused to pay silly prices".

Nearly all the 10 privatised companies have built up unregulated businesses, usually in process engineering or waste management. The companies claim they need to diversify before profits from water and sewage services starts to slow, but some companies have been criticised for paying above market prices.

Nordic produced estimated pre-tax profits of £4m last year on sales of £83m. It had net assets of £7m, orders in hand of £67m and about 400 employees.

Mr Goran Wijkmark, president, said the company was particularly strong in Scandinavia and the UK, where its customers include North West Water and Yorkshire Water. He said new ventures in eastern Germany and southern Poland were also promising.

Last year more than 75 per cent of revenues came from contracting, where the company operates under the name Purac. The remainder derived from products like DynaSand filters which were developed by Nordic but are often manufactured by sub-contractors. In all, the company operates in 10 countries, mainly in Europe.

Anglian's other process engineering subsidiaries include Rosewater Engineering, acquired last July. These will be merged with Nordic and managed by Mr Wijkmark from Sweden.

The division's future growth was expected to be mainly organic, although Mr Smith said some further small acquisitions were possible.

A UK-based analyst said the acquisition gave Anglian's process engineering business "more credibility", but the division is still small compared to those owned by Thames or North West Water.

Ofwat, the water regulator, was informed of the deal in advance.

● North West Water has bought Consolidated Electric of the US for an undisclosed price. Consolidated, which designs and makes controls and instruments for the water industry, had total sales last year of \$5.2m (£3.66m) and net assets of \$2.5m.

Lincoln House in the black

LINCOLN House, the USM-traded home furnishing group, returned to the black in 1992 with a pre-tax profit of £193,000 compared with the previous year's loss of £286,000 and a deficit of £2.35m in 1990.

Operating profits amounted to £424,000 on sales of £7.3m; against losses of £40,000 on sales of £7.7m last time.

Operating profits for discontinued businesses totalled £63,000 (£86,000) while losses of £55,000 were attributed to head office.

Mr Ian Topping, chief executive, said the sale of Impala Displays and Mayers and Shaw to their managements reduced borrowings by some £800,000. Interest charges fell to £239,000 (£332,000).

Earnings per share emerged at 1.2p against losses of 1.8p.

Sharp fall in Eagle Star life business

By John Authers

EAGLE STAR, the insurance subsidiary of BAT Industries, yesterday announced substantially reduced new life business figures for 1992. Worldwide new regular premiums fell 6 per cent to £110m, while new single premiums dropped 18 per cent to £436m.

The company attributed the bulk of this fall to a deliberate strategic decision to cut less profitable lines of business where competition is on price. These included UK annuity business, which fell by 18 per cent to £372.6m. Group annuities dropped to £53m (£200m).

On the regular premium side, the company offered less competitive rates for group life business, where new premiums fell from £12.4m to £3.6m.

Mr Ian Owen, managing director of Eagle Star Life, said: "It would be easy to increase business in those areas with higher rates but we don't believe we can do that profitably. We would not want to announce increased business figures in annuities or term assurance at present."

The depressed housing market hit demand for mortgage-related endowment policies, where premiums fell from £28m to £25m.

The company has instead concentrated on individual investment products. New regular premium pensions rose by 13 per cent while single premium pensions rose from £36.5m to £67m. Single-premium bonds, boosted by its with-profits bond, rose from £53m to £140m, while unit trust sales rose from £11.7m to £26m.

Group funds under management increased by 11 per cent from £10.9bn to £12.1bn.

Shaw rebels win appointments

By Ivor Duce

REBEL shareholders won the day at yesterday's EGM of Arthur Shaw, the loss-making West Midlands building materials group.

They ousted chairman Mr Gordon Pearson and appointed Mr Ian Tickler and Mr Donald Crammond to the board.

Dissident shareholders, led by Mr Tickler, had expressed concern over the management and recent performance of the company, and feared that the business was losing direction. They claimed that high gearing and deteriorating performance were mainly attributable to the costs of acquiring the Jackdaw engineering tools group in 1990.

Mr Tickler and his family argued that Jackdaw should be sold to reduce debt of about £3.35m and that the group should refocus on its core window hardware side.

The dissident shareholders requisitioned the EGM to propose Mr Pearson's removal from the board and the reappointment of Mr Tickler. They also called for the reappointment of Mr Crammond, who was ousted at the AGM last August.

Following the meeting, Mr Tickler said that he and Mr Crammond were delighted that shareholders had demonstrated support for their future strategy of Arthur Shaw.

He said the new board intended to appoint an additional director as non-executive chairman to oversee the implementation of this strategy.

A suitable candidate with appropriate experience and expertise had been identified and Mr Tickler anticipated that a further announcement would be made shortly.

Trevor Humphries

Maurice Warren, right, was presenting Dalgety's results as chairman after last week stepping into the breach created by John West's stroke. Mr Warren is also set to become chairman of South Western Electricity. Richard Clothier, left, replaces him as Dalgety's chief executive.

It's a dog's life as every cat has its day

Every one knows that cats have nine lives, but evidence has also emerged that they are recession proof – unlike dogs.

In the two years to September 1992, the UK cat population rose from about 6.7m to more than 7m. Dog numbers, on the other hand, declined by 1 per cent last year, although they did keep their noses slightly in front of their feline rivals.

These fascinating statistics formed part of Dalgety's results presentation to the City yesterday. It seems that because cats cost less to keep than dogs, there may have been some trading down by hard-pressed animal lovers.

This has proved good news for Arthur's (né Kattomeat) and Purrfect, but not so good for Prime and GoodLife – although Dalgety claimed an increasing market share.

Demand for canned dogfood had fallen by 5 per cent last year and demand for dog biscuits was affected by the growing popularity of complete dogfoods. Spillers bit back in September with the launch of Choice Complete.

NEWS DIGEST

Lamont confirms discussions

LAMONT Holdings, the carpets and textiles group, yesterday confirmed that it was in preliminary discussions regarding the sale of its ICS Computing subsidiary.

Directors, who issued the statement in response to press comment stressed, however, that the talks were at an early stage.

The shares were unchanged at 288p.

Sharp jump in net assets at Mid Wynd

The net asset value of Mid Wynd International Investment Trust amounted to 326.8p per share at December 31.

The figure marked significant advances against 280.9p at the trust's year-end in June and 279.4p at the end of 1991.

By January 31, the asset value had improved to 343.8p.

The Baillie Gifford-managed trust reported net available revenue of £200,792, against £207,743, for the six months to end-December, equivalent to earnings of 4p (4.14p) per share.

The interim dividend is maintained at 2.4p, with the final forecast at an unchanged 3.6p.

Second Alliance net assets improve

Net asset value of The Second Alliance Trust stood at £15.70 per stock unit at the six months to January 31, against £12.79 at the July 31 year end and £13.62 a year ago.

Available revenue showed a 9 per cent improvement over the 12 months, from £3.42m to £3.74m, equivalent to earnings of 19.49p (17.83p) per unit.

The interim dividend is raised to 12.5p (12p).

Albert Fisher's bid goes unconditional

Albert Fisher, the food processing and distribution group, has declared unconditional its £29.3m agreed cash offer for Hunter Saphir, the fresh produce, herbs and spice company.

J Henry Schroder Wagg, which is advising Albert Fisher, said acceptances had been received by yesterday afternoon in respect of about 50.03 per cent of Hunter Saphir's ordinary shares.

Acceptances have also been received in respect of 81.3 per cent of Hunter Saphir's A and B preference shares, as well as all of a class of preference shares owned by Berisford International.

Olim assets increase 19% over 1992

Net asset value of Olim Convertible Trust rose 19 per cent, from 60.57p to 72.09p, over the 12 months to end-January.

Net income was slightly lower at £1.38m, against £1.5m, for earnings of 9.16p (9.98p) per share. As already announced, the total dividend for 1992 was raised from 8.5p to 8.8p.

Roger Shute has Brooke Tool stake

Mr Roger Shute, whose departure from BM Group prompted the collapse of its share price last summer, has bought a 4.52 per cent stake in Brooke Tool Engineering (Holdings).

This comes hard on the heels of his acquisition of a 4.4 per cent stake in GM Firth, the steel company, and a 4.9 per cent interest in Anglia Secure Homes, the sheltered housing group, on the January 21 and 24 respectively.

Mr Shute has spent several months recuperating from a smoking- and stress-related lung disease, but has said that he would like to take on two or three non-executive directorships.

Drayton Asia spurns EFM Dragon offer

Drayton Asia Trust, an Asian investment trust managed by Invesco MIM, yesterday recommended shareholders to take no action in respect of the offers from EFM Dragon Trust, because they undervalue the company.

EFM Dragon, a similar trust managed by Edinburgh Fund Managers, has made a bid for the whole of Drayton's share capital and warrants.

The terms involve EFM Dragon offering to issue ordinary shares at fully diluted net asset value in exchange for Drayton Asia's ordinary shares at a rate equivalent to EFM Dragon's asset value.

The offer includes the issue of three 2005 warrants for each Drayton warrant.

MY Holdings acquisition

MY Holdings, the packaging company, is to acquire Kohler Packaging from Tawneydown for between £1.33m and £1.45m, satisfied by the issue of loan stock in up to four tranches.

Tawneydown is a wholly owned subsidiary of Malbak, a South African industrial company with extensive packaging interests. Tawneydown holds about 86 per cent of MY's equity. Kohler, based in Hampshire, makes printed folding cartons for the health care industry. It began trading in March 1991 and made pre-tax profits of £13,000 on turnover of £2.02m in its first full year ended August 29 1992.

COMPANY NEWS IN BRIEF

CITY MERCHANTS High Yield Trust showed a total return of 25.3 per cent in 1992. Net asset value per share increased to 105.7p (92.7p) as at December 31. Gross dividend 10.5p.

DEBENHAM TEWSON & Chinnocks' proposed merger with Bernard Thorpe, along with its proposal to increase its authorised share capital, have been approved by shareholders.

DUMAS GROUP: Designation and listing of bargains restored at the company's request following shareholders' approval of reorganisation proposals.

GT CHILE Growth Fund: Net asset value per share \$24.10 (\$23.26) basic at December 31. By February 9 value had risen to \$26.66. Net income \$7.61m (\$9.8m) for basic earnings of 72 cents (97 cents). Dividend of 25 cents payable March 31.

MORRIS ASHBY has bought UJP Tool Manufacturing of Kings Norton for £196,000 cash, of which £99,000 was for plant and equipment. UJP, a private company, is part of Edwards Precision Engineering.

PRINTECH INTERNATIONAL: Ochil, a subsidiary of DCC, has an interest in 26.7m ordinary Printech shares (90.7 per cent), as a result of the offer made on Ochil's behalf by AIB Corporate Finance.

Scapa pays £11m for German group

By Andrew Bolger

SCAPA GROUP, the Blackburn-based company which supplies industrial textiles and services to the paper industry, has paid £11m cash for the Oberdorfer Group, a German maker of forming fabrics.

Oberdorfer, which was in receivership, has manufacturing plants at Heidenhem in Germany, Frankenmarkt in Austria and Idaho in the US. The loss-making Idaho plant will be closed, with the loss of about 30 jobs, and production will be transferred to Scapa's existing forming fabric plant in Shreveport, Louisiana.

The number of jobs at Heidenhem has already been cut from 190 to 120 and in Austria from 80 to 58.

Oberdorfer's annual turnover is £16m and Scapa said it was confident that the group's continuing operations would be profitable.

Mr Harry Tuley, Scapa's chief executive, said: "This acquisition fits our strategy of building market share in our core business areas. Oberdorfer will considerably strengthen Scapa's position in the supply of specialist forming fabrics, used in the manufacture of paper, especially in the important west European markets."

Oberdorfer will be integrated into Scapa's engineering fabrics division, which has manufacturing plants in 11 countries around the world.

National Bank NZ improves by 24%

By Terry Hall in Wellington

NATIONAL BANK of New Zealand, part of Lloyds Bank, lifted after tax profits by 24 per cent to NZ\$102m (£36.1m) for 1992, largely due to the purchase of the Rural Bank from Fletcher Challenge.

National Bank bought the Rural Bank, the country's biggest lender to the farming sector, for NZ\$450m in December, under a deal which included the Rural Bank's post tax profits of NZ\$24m for the six months from July 1.

The Rural Bank has 40 per cent of the rural finance market.

National Bank's profit would have been down slightly by NZ\$2m without the inclusion of the Rural Bank's profit.

Nevertheless, the overall result meant National Bank's return on average shareholders' funds was up from 14.3 per cent in 1991 to 16.5 per cent.

Mr John Anderson, chief executive, said that the bank continued to outperform its competitors. Profit before tax was up \$NZ33m to NZ\$153m. This compared with a first half profit of NZ\$90m, which did not include any earnings from the Rural Bank.

Sir Spencer Russell, National Bank chairman and a former chief executive and subsequently Governor of the Reserve Bank, said the result was creditable in the face of a marked increase in competition in the finance sector in the year.

National Bank's other operating earnings amounted to NZ\$206m, virtually unchanged from 1991. Provisions for bad and doubtful debts were NZ\$36m, down NZ\$2m. Staff expenses rose by NZ\$12m to NZ\$165m. Total operating costs were NZ\$354m (NZ\$316m).

The National Bank and the ASB Bank, which is partly owned by the Commonwealth Bank of Australia, have been the only two banks in New Zealand to have held their lending rates following the general upward lift after the Reserve Bank tightened monetary policy in early January.

Tunstall expansion

Tunstall Group has acquired a one third stake in Empresa de Servicios Espacializados de Seguridad, a Spanish company specialising in the installation, maintenance and monitoring of security and fire systems. Sales totalled Pta660m (£3.9m) in 1991 and pre-tax profits were Pta7m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Dalgety ....int	7.85	July 1	7.5	-	19.5
Mid Wynd Intl ....int	2.4	Apr 6	2.4	-	6
Second Alliance ....int	12.5	Apr 2	12	-	36.5

Dividends shown pence per share net except where otherwise stated.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim- Howard Holdings

Finals- County Smaller Co's Inv Trust, Greenwich Resources, St Modwen Props, TR Pacific Inv Trust, Temple Bar Inv Trust, Trust of Property Shares.

FUTURE DATES

Interims-

Fleming High Inc Inv	Feb. 19
Hays	Mar. 2
Isotron	Feb. 25
JF Pacific Warrant	Feb. 24
Multitrust	Feb. 23
Sinclair (William)	Mar. 2
Tottenham Hotspur	Feb 24

Finals-

Abbey National	Mar. 2
American Trust	Feb. 23
Bilston & Battersea	Mar. 5
English China Clays	Mar. 16
Greenwich Communications	Feb. 25
Inoco	Feb. 26
Ladbroke	Mar. 4
Lilleshall	Mar. 1
Medeva	Mar. 10
Newmarket Venture Cap	Feb. 18
Peek	Mar. 15
Saatchi & Saatchi	Mar. 9
Savoy Hotel	Apr. 7
Sema	Mar. 4
Smaller Co's Inv Trust	Feb 25
Stat-Plus	Mar. 3
TI	Mar. 11
Transport Development	Mar. 5
Trans World Comms	Mar. 3
Ward Holdings	Feb 18
Wickes	Feb. 24
Yorkshire Electricity	Jun. 25

Testing times for a company with global ambitions

United Biscuits' drive to internationalise faces some big challenges, reports Guy de Jonquières

YOU NEED not search far for clues to where United Biscuits, Britain's fourth largest food manufacturer, thinks its future lies. They are emblazoned on the cover of its annual report, which pictures UB products spilling across much of the earth's surface.

Such global ambitions are a far cry from the parochial, UK-centred approach which characterised the group under the autocratic 17-year chairmanship of Sir (now Lord) Hector Laing. But since he retired two years ago, UB's horizons have widened dramatically.

A youthful top management team, headed by Mr Eric Nicoli, the 42-year-old chief executive, has set its sights squarely on transforming the group into a world leader in biscuits and savoury snacks. The company has rapidly expanded in continental Europe through a flurry of medium-sized acquisitions and joint ventures, and recently acquired an Asian-Pacific bridgehead by buying CCA Snacks in Australia. This year, for the first time, more than half of group sales will be overseas.

Mr Nicoli and his team have impressed UB's shareholders with their determination to impart a more coherent direction to a group which was once notorious for haphazard, expensive – and often unrewarding – excursions into unrelated businesses. They are also widely praised for their open and collegiate management style.

"The main difference today is that we are much more focused, we have identified geographic and product priorities and we are organised to make expansion happen," says Mr Nicoli. "We firmly believe that a more disciplined approach will result in fewer mistakes and a tighter strategy."

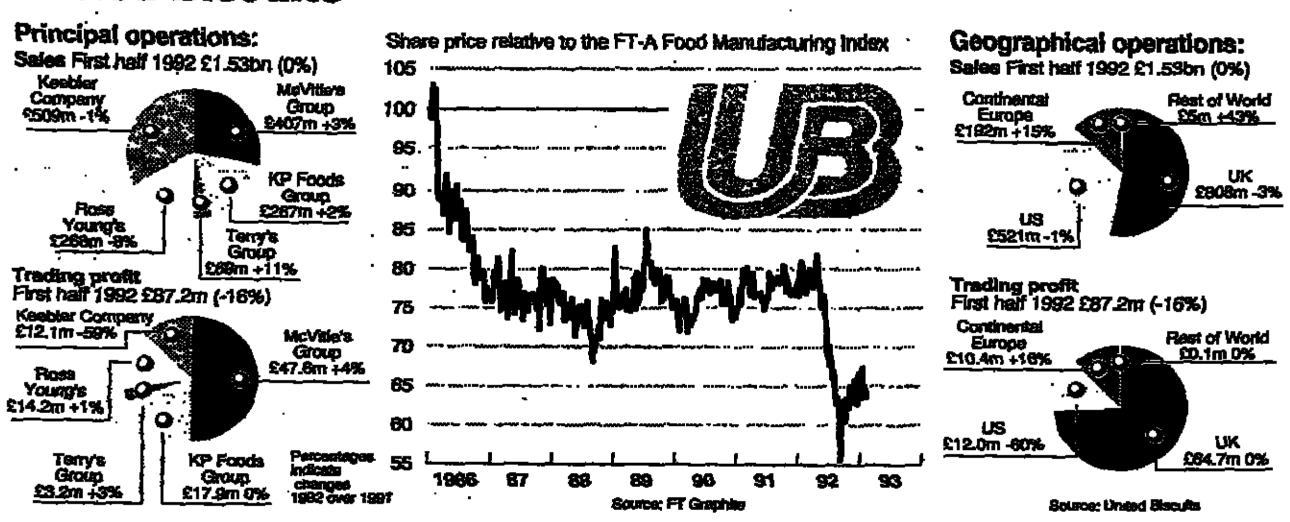
Yet UB has still to convince many observers, notably in the City, that its dash for growth will succeed. Not only does its drive to internationalise face some big challenges; its past has an unfortunate habit of returning to haunt it.

Much of Mr Nicoli's first year as chief executive was spent sorting out problems at Ross Young's, the UK frozen food business acquired for £335m in 1988 in what is now admitted to have been an ill-conceived diversification.

Then, last year, the roof fell in at Keebler, the US biscuits and snacks maker owned by UB since 1974 and which accounts for a third of group sales.

Caught short by severe price competition in a recession-struck market, Keebler's first-half profits fell 57 per cent, slicing 17 per cent off the group's pre-tax results. Though action has been taken to cut costs, replace top management and regain market share, Keebler's troubles will leave a deep dent in the group's 1992 full-year results, due on March 18. Analysts forecast pre-tax profit of about £160m, down from £211.3m the previous year.

United Biscuits



The experience has been chastening for a management which has worked hard to establish a reputation for professionalism and tight control over the business. "It is very frustrating that we feel we are doing the right things, our shareholders feel we are doing the right things and yet – albeit temporarily – we go backwards," Mr Nicoli says.

Despite these trials, UB continues to enjoy commanding strengths at home. Though recession and cut-price competition have nibbled into UK sales of McVitie's, its biscuit division, massive low-cost manufacturing capacity has enabled it to retain a 43 per cent market share and handsome margins of about 14 per cent.

KP Foods, while less profitable, has increased its share of the British snacks market from 30 to 40 per cent in the past decade, thanks to successful product innovation and heavy marketing spending. It now claims to have overtaken Pepsico of the US, owner of Smiths and Walkers, as UK market leader.

But since the late-1980s, UB has increasingly recognised that scope for further expansion at home is limited. Its search for fresh sources of growth has focused primarily on continental Europe, where it has made nine acquisitions and formed three joint ventures in the past three years.

A third of McVitie's sales now come from continental Europe, up from 8 per cent five years ago, while profits there rose 26 per cent to £15.6m in the 12 months to June. Much of the profit gain has come from one-off steps to rationalise production and distribution, but McVitie's says 10 per cent margins should be sustainable in the longer run.

At KP, half of sales this year will be overseas, compared with a fifth five years ago, and the division is now one of the top two in each of the European markets in which it competes.

However, the rapid growth which made Continental snack markets so attractive in the late-1980s has tailed off sharply, while heavy marketing costs have held margins on KP's continental businesses to 5 per cent, half the UK level.

Mr David Hearn, KP's managing director, expects this performance to improve, but adds: "It will take a long time to achieve 10 per cent margins on the Continent because we are always in an investment phase in one market or another."

However, despite its recent spending spree, UB still accounts for only 11 per cent of the £8.6bn European biscuit market. That is barely half the share of BSN of France, which out-manoeuvred UB in 1988 to buy the extensive European food businesses of Nabisco of the US, the world's biggest biscuit maker.

In the European snacks sector, which is less mature than biscuits, UB's strengths are more evenly matched with those of Pepsico.

The US company also has an uneven marketing record in Europe. But with snacks sales of $5.6bn (£3.7bn) against KP's £504m, and with far higher margins, Pepsico has more room for mistakes than its smaller rival.

Mr. Nicoli dismisses such comparisons, arguing that the size of total sales matters less than strength in individual markets. However, UB is a leader only in the relatively small markets of Scandinavia and the Benelux countries. It still has no business in Germany and only a marginal presence in France and Italy.

In several larger European countries, it relies on local partners to distribute its products. Though a low-cost route to the market, such partnerships cannot confer the same degree of control and profits which full ownership can provide. They can also be unstable, as McVitie has found since it agreed last year to form a joint sales company in Spain with Royal Brands, part of the state-owned Tabacalera group.

Eight months later, a friendly bid by Nabisco for Royal Brands has put the future of that link-up in doubt. Nabisco's return to Europe has also prompted speculation that UB might eventually be among its targets.

Meanwhile, industry observers are unsure about Keebler's longer term prospects. Mr Nicoli expects the corrective measures taken so far, along with tighter management and a revamped marketing strategy, to bring a recovery in its performance this year.

However, Keebler remains a distant number two in the US to Nabisco, whose superior scale and margins rendered it far less vulnerable to the recent price war.

In an effort to boost volumes, UB recently spent £47m to acquire Bake Line, a leading US producer of private label biscuits for supermarkets – a fast-growing business in the past few years.

UB is confident that this growth will continue – though some in the American food industry believe it is a temporary phenomenon due largely to recession.

Whether or not UB yet possesses the size and weight to compete effectively in the international big league, it is unlikely to continue adding businesses at its recent rate. With gearing at 88 per cent, scope for further acquisitions will remain limited unless it makes a sizeable disposal or a rights issue.

Neither option looks particularly realistic at present. The most obvious disposal candidate is Ross Young's. But past talks with potential buyers have got nowhere, and industry observers doubt that the business would fetch much more than half the roughly £450m UB has invested in it over the years.

The Terry's chocolate division, which has recently performed strongly despite the UK recession, might attract more interest. But it is relatively small, with 1991 sales of £153m.

Nor does a rights issue look practical while UB's share price continues to languish at about 360p, well below last year's high of 442p – least of all at a time when a queue of other companies is lining up for cash calls.

In any case, even the most sympathetic observers believe that after the recent alarms and excursions, the group now needs a period of consolidation. As a fund manager with one of UB's larger institutional shareholders puts it: "We're impressed by the management team's strategy in continental Europe and their aggressive attitude to costs. But they have still to prove themselves in a serious way over the longer term. How they come through the current year will be a real test of their performance."


Trevor Humphries

Eric Nicoli: We are doing the right things, our shareholders feel we are doing the right things, and yet we go backwards

Opec battles for 1m b/d output cut

By Mark Nicholson in Vienna

MINISTERS OF the Organisation of Petroleum Exporting Countries appeared last night to have reached the basis of an agreement to cut second quarter output by just under 1m barrels a day from the present quarter figures to about 23.6m b/d.

Mr Ginandjar Kartasasmita, Indonesia's energy minister, said ministers had agreed on a final ceiling which might even be "slightly less" than 23.6m b/d, but that talks were continuing late yesterday to find a final figure for Kuwaiti production for the quarter. He said the ministers had otherwise agreed that the output cuts should be made pro-rata.

Final details of the agreement, which follow almost three days of talks in Vienna among the Opec ministers, were pending Kuwait's final assent. Ministers plan to meet this morning to announce the final package. Mr Alirio Parra, the Opec president, said after talks with Mr Ali al-Baghli, the Kuwait oil minister, that "considerable progress" had been made in finding a formula to cut Kuwaiti production that would satisfy both the Gulf state and other members of the cartel determined to present a credible overall reduction in output to the market.

Most delegations hads been determined yesterday that Opec should be able to present a unanimous agreement to cut around 1m barrels a day from the first quarter ceiling of 24.58m b/d to the market this morning, when New York resumes trading after a holiday.

Pressure on Kuwait to accept its share of pro-rata cuts was sustained throughout the day in a series of bilateral meetings, much to the indignation of the Kuwaiti delegation. A number of delegates suggested that Kuwait might finally be accommodated into a convincing overall deal at a production level of between 1.6m-1.7m b/d.

Kuwait puts its present output at 1.98m b/d rising to 2.1m b/d for the second quarter and had doggedly resisted calls by other delegations early in the meeting that it should rein production in pro-rata from 1.5m b/d, its November production level.

Nigeria also put up resistance to making a full pro-rata cut on its output, saying it would pull back only 50,000 b/d of crude. But most delegations entered the meeting on Saturday backing a Saudi Arabian proposal that 1m b/d should come off the November ceiling, thus stripping the market of up to 1.5m b/d given Opec's actual output during the first quarter.

Analysts suggested that disciplined delivery of a ceiling around 23.6m barrels would at least sustain present prices.

EC banana curb sparks German court threat

By Ariane Genillard in Bonn

OUTRAGED GERMAN banana importers yesterday said they would appeal to the European Court of Justice in Luxembourg against the European Community decision to restrict Latin American imports.

The German importers said the new EC regime, agreed in the early hours of Saturday, would kill 50 per cent of their business and make bananas sold in Germany 30 per cent more expensive.

They said they would turn to the European Court of Justice as well as to national courts within the community and would encourage Latin American countries to challenge the issue within the General Agreement on Tariffs and Trade. Banana importers in Luxembourg, the Netherlands and Belgium, are also expected to turn to the European court of justice.

In Bonn, Mr Otto Lambsdorff, leader of the coalition member Free Democrats, called the EC regime "an unbelievable piece of protectionism". A government official said the matter would be looked into the coming days.

Meanwhile, Mr Eduard Lintner, the German government's top anti-drug official, told a local paper the move would boost cocaine importers and deal a "catastrophic" blow to the anti-drug fight in Europe.

EC farm ministers agreed in the early hours of Saturday that imports of bananas from Latin America, the so-called dollar bananas, should be restricted to 2m tonnes a year at a tariff of a Ecu100 (£82) a tonne. Imports above that limit will be charged at the rate of Ecu850 a tonne.

The new regime aims to protect higher-cost producers in territories with close links to EC member states, such as former colonies.

Local papers echoed the outcry of producers when readers woke up yesterday to articles denouncing "the crooked thing about the banana". Germans are especially fond of the cheap fruit, consuming more of it than any fellow Europeans. Of the 3.6m tonnes of bananas imported into the EC last year, 2.7m tonnes came from Latin American countries, and these were nearly entirely sold in Germany.

The banana became a symbol of reunification as eastern Germans were handed the fruit by their western countrymen after the Berlin Wall had been torn down. Eastern German per capita consumption is 28 kg a year, compared with 18 kg in the western part.

UK agriculture faces up to inevitability of change

A more realistic mood was apparent at last week's annual meeting of the National Farmers' Union

FARMER'S VIEWPOINT

By David Richardson

THE LOUDEST and most spontaneous burst of applause at last week's annual meeting of the National Farmers' Union of England and Wales came during a debate on farmers' survival in the free market.

Some delegates had welcomed the challenge of unfettered competition with the farmers of other countries. "Give us a level playing field," they declared, "and we can compete with anybody in the world." Then a delegate from the back of the room went to the microphone. He introduced himself as an international farmer from Kent and Brazil. "Free trade and a level playing field are illusions," he said. "If I told you the details of social and environmental policies in Brazil I would make you weep. Suffice to say they consist mainly of bullets, bulldozers and boxes of matches. Farmers in the UK can never hope to compete with that and I don't advise them to try."

The rousing response this received from most of those present indicated clearly that they too wished to cling to some system of guaranteed prices and/or protective tariff barriers for European Community countries to insulate them from unfair competition from low cost producers. For there is a fear among British farmers that the high costs, the safety standards and the rules and regulations imposed on them are not shared by many of the countries from which Britain accepts food imports.

But this was a rare moment among the two days of discussion. Most of the rest of the event was carefully orchestrated to present an industry that was prepared to confront and accept change; to take greater responsibility for its own market making and to avoid public whingeing.

For, notwithstanding the fact that in spite of a small rise in UK average farm incomes in 1992, they are still only half what they were in real terms 10 years ago, there is a different mood in the NFU of the 1990s to that which prevailed a decade ago. At least there is among the leaders of the union. It is taking a little longer to reach the shires but if last week's meeting is an accurate guide it is getting there.

This new mood accepts that the government does not owe farmers a living; that there is not enough cash around to guarantee such security anyway, even if there were a shortage of food – which there is not. It recognises that this is an age in which expectations of market forces and expanding free trade dominate political thinking. It is acutely aware that alongside all this it is necessary to show that farmers care for the environment.

The tone is set by Mr David Naish who was re-elected president of the union for a third one-year term last week. A consummate politician, aware of the need to play to the gallery at times, he takes every opportunity to castigate government ministers over their parsimony towards British farmers in comparison with of other EC ministers.

Such actions as the reduction, by Britain alone in the EC, of special payments to hard-pressed hill farmers and the confiscation of the £750,000 residue of a pig producers' own fund for the elimination of Aujeskys disease in the UK, gave him sticks with which to beat Mr David Curry, junior agriculture minister, when he visited the annual meeting. So thoroughly did Mr Naish do it, in fact, that his members gave him a standing ovation.

In spite of that personal success however, the president clearly has other priorities. The first, and one for which delegates also applauded him loudly, is to ensure that British farmers do not face unfair competition. And that is as likely to come from inside the EC as from outside it, he implied.

He spoke particularly of the danger that British milk quotas might be cut in order to accommodate increases in Italian quotas; and that after Italy has virtually ignored the restrictions on production, without penalty, since milk quotas were introduced in 1984. He complained at the complexity and cost of complying with UK bureaucracy in order to claim new headage payments for a reduced national beef herd and asked, rhetorically, whether Greek peasant farmers really had to do the same. And so on in that vein.

But during his keynote speech he concentrated mainly on the changes agriculture faces following common agricultural policy reform; the uncertainties, still, of what a deal in the General agreement on Tariffs and Trade might mean; and the challenges and opportunities these could bring to those farmers who were energetic and sharp enough to exploit them.

Doubtless this reflected the fact that he has accepted an invitation from the prime minister to chair a working party to address the problem of the UK's food trade gap – now standing at some £6bn per year. It was also an acknowledgment that farmers must, in future, derive their incomes from a variety of sources.

Of these the market-place will be the most important. Increasingly it will be a market that is relatively unsupported compared to the past; hence the need for farmers to find and develop the best outlets for quality commodities that consumers demand rather than assume that the government or the EC will bail them out.

Alongside that there will still be a vital role for government to play. For even the most aggressive EC officials and Gatt negotiators do not press for total abolition of farm support. A substantial proportion of farm income will still come, therefore, from the government and the EC although these will be increasingly tied to set-aside schemes to reduce production and to encourage positive environmental management.

It is up to every farmer to work out the most profitable mix of these income sources for his circumstances. Some will wish to follow old instincts and go for maximum production hoping that market prices will enable them to make a profit. Others, who may be less ambitious or have lower-quality land, will opt for the extensification approach – that is farming less intensively, taking extra special care of the environment and hoping that government compensation payments will make up the deficit.

The president of the NFU is trying to prepare and galvanise his members for these changes and challenges. But many farmers are conservative by nature and cling to old values. Some of them will leave adaptation to the new conditions until it is too late. Indeed some have already done so and it is estimated that about 100 UK farmers are going out of business each week.

But that, of course, is what free trade and market forces are all about.

Inco may aid Russian nickel clean-up

By Kenneth Gooding, Mining Correspondent

THE WORLD'S two biggest nickel producers, Norilsk of Russia and Inco of Canada, have signed technical assistance protocols that may lead to Inco helping to reduce pollution from Norilsk's smelters.

Inco said yesterday that Norilsk wanted to cut sulphur dioxide emissions, the main cause of acid rain, and might use the oxygen flash smelting technology Inco developed for its Sudbury, Ontario, smelter where the group expects to reduce sulphur dioxide pollution by 60 per cent in three years. The companies are also discussing a possible joint venture to build mining equipment, using Inco's so-called Continuous Mining Systems technology.

However, Inco denied reports from Moscow that it was also discussing with Norilsk methods of limiting nickel exports from Russia. The upsurge in Russian exports is widely held to be responsible for present low London Metal Exchange nickel prices.

Falconbridge, another Canadian nickel group, also denied reports that it was involved in three-sided talks with the other two producers. Falconbridge said there had been exchanges of technical people between itself and Norilsk for the past two years, but no other contacts.

Asturiana de Zinc

ASTURIANA DE ZINC, the Spanish smelter, said yesterday that it had increased its production by 80,000 tonnes when it brought its plant up to capacity at the beginning of 1992. Asturiana said last week that it was planning the increase this year.

US gold explorers head south

By Kenneth Gooding, Mining Correspondent

LEADING US gold producers are cutting exploration spending at home while increasing it substantially in Latin America, according to a survey by the Gold Institute, a Washington-based, industry-financed organisation.

Worldwide exploration spending by the 18 companies surveyed – which together accounted for 73 per cent of 1991 US gold output – fell by 16 per cent last year from $280m to an estimated $235m.

Their gold exploration in the US fell by 18 per cent to a four-year low of $149m. This represented 63 per cent of total exploration budgets, down from 65 per cent in 1991 and 71 per cent as recently as 1989.

"This is the first time spending and share simultaneously declined – clear evidence that the US market is growing unattractive for investment," the institute suggests.

Meanwhile, exploration spending in Latin America, which was only $14m in 1989, increased by a further 16 per cent last year, from $30m to and estimated $35m.

"Latin American nations are taking deliberate and aggressive steps to recruit US investment. Mining is an internationally competitive business and capital will flow to those nations which have mineral wealth and offer an attractive business climate," the institute says.

It admits its survey excludes exploration work by small companies, prospectors and independent exploration companies – an important part of the business – but points out that "the presence of a senior [big] gold producer in a given country is a sure sign that smaller companies have led the way".

The survey shows spending by US gold producers in Canada remained steady at an average of $27m a year or 10 to 11 per cent of exploration budgets. However, "US producers appear to be wrapping up their efforts in Australia where spending [down from $14m in 1991 to an estimated $10m last year] and share [down from 5 per cent to 4.25 per cent] declined over the period of the survey".

In 1992 US producers cut spending in the rest of the world by 42 per cent to $15m.

The survey will provide the US mining industry with ammunition as it battles against efforts being made in Congress to impose a national royalty on mineral production and other measures that the industry suggests would discourage investment in mining in the US. The institute points out that during the 1980s the US became the world's second-biggest gold producer and adds: "As congressional and administration leaders consider measures to reform laws regulating this industry, they must carefully consider how their actions will affect the competitive position of the US".

PNG may compromise over mine stake

By Kevin Brown in Sydney

THE GOVERNMENT of Papua New Guinea yesterday indicated that it was willing to compromise in a dispute with Australian mining groups over its shareholding in the giant Porgera gold mine.

Mr Masket Iangalio, the mining and petroleum minister, told a conference in Sydney that the government's 10 per cent stake was insufficient and claimed that PNG citizens would become frustrated if it was not increased.

However, he said there was "room for negotiation" on the government's demand for a 30 per cent shareholding, which has been resisted by the joint venture partners. Talks are to resume later this week between the government and Placer Pacific, Renison Goldfields and Highlands Gold, a PNG-registered subsidiary of MIM Holdings, which each own 30 per cent of Porgera.

The government claimed last year that it had been misled about the potential profitability of the mine, which began production in September 1990, and is expected to produce about 900,000 troy ounces of gold a year.

Mr Iangalio said the government had reached understandings with the joint venturers on most of the outstanding issues. "We would love to have 30 per cent, but if we feel comfortable about it then there is room for negotiation," he said.

● The PNG government said it had captured the rebel stronghold of Arawa on Bougainville island, where secessionist fighters have forced the closure of the Panguna copper mine.

Mr Palas Wingti, Prime Minister, urged the rebel Bougainville Revolutionary Army to abandon its four year fight for independence. However, rebel representatives in the Solomon Islands said the government had captured only part of the town. They said the BRA would fight on.

Up to 200 people have died in the fighting, and hundreds are feared to have died from lack of medical supplies. The rebellion was triggered by protests over royalty agreements with CRA, the Australian resources group which operated the copper mine.

WORLD COMMODITIES PRICES

MARKET REPORT

The US President's Day holiday tended to restrict interest on the LME, where most prices moved lower. Three-month **COPPER** traded in a softer range, encountering support near $2,220 a tonne, where Chinese buying is expected, and running into overhead resistance around $2,231. Three-month **ALUMINIUM** gradually lost ground in the afternoon, after heavy midsession buying interest around $1,220 faded. Prices now look set to test strong support around $1,215.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$16.65-5.70	-.490
Brent Blend (dated)	$17.96-8.00	-.536
Brent Blend (Apr)	$17.94-7.97	-.485
W.T.I (1 pm est)	Closed	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$191-194	-2.5
Gas Oil	$167-168	-7.0
Heavy Fuel Oil	$71-72	
Naphtha	$173-174	-2.0
Petroleum Argus Estimates		
Other	-	+ or -
Gold (per troy oz)♣	$328.55	+0.10
Silver (per troy oz)♣	368.5c	-2.0
Platinum (per troy oz)	$365.75	-2.0
Palladium (per troy oz)	$114.25	-1.75
Copper (US Producer)	104.0c	-0.5
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.96r	-0.02
Tin (New York)	268.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	123.22p	+0.93*
Sheep (live weight)†♣	104.11p	+3.43*
Pigs (live weight)†	83.65p	+1.45*
London daily sugar (raw)	$218.0	-2.1
London daily sugar (white)	$260.0	
Tate and Lyle export price	£264.0	-1.0
Barley (English feed)	£140.0z	
Maize (US No. 3 yellow)	£165.0	
Wheat (US Dark Northern)	Unq	
Rubber (Mar)♥	69.00p	
Rubber (Apr)♥	69.25p	
Rubber (KL RSS No 1 Feb)	236.0m	-0.5
Coconut oil (Philippines)§	$460.0y	+7.5
Palm Oil (Malaysian)§	$435.0w	+10.0
Copra (Philippines)§	$277.5	
Soyabeans (US)	£186.0u	+1.0
Cotton "A" Index	60.75c	
Woollops (64s Super)	400p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-Feb/Apr. x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago. provisional prices. IPE Close 5.30pm.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 61,539 lots	
Cash	1195.5-6.5	1212-2.5	1199.5	1198-8.5		
3 months	1217-7.5	1233.5-4.0	1222/1216	1219.5-20	1216-6.5	169,093 lots
Copper, Grade A (£ per tonne)					Total daily turnover 48,106 lots	
Cash	1557-8	1559-60	1563.5	1563-3.5		
3 months	1581-2	1581.5-2.0	1586/1581	1584.5-5	1583-4	157,848 lots
Lead (£ per tonne)					Total daily turnover 4,645 lots	
Cash	291.5-2.5	292.5-3.0	292.5	292-2.5		
3 months	301-2	302-2.5	303/301	302.5-2.75	301-2	18,258 lots
Nickel ($ per tonne)					Total daily turnover 8,602 lots	
Cash	6110-20	6085-90	6115/6108	6108-10		
3 months	6175-9	6152-3	6200/6130	6175-80	6180-70	42,920 lots
Tin ($ per tonne)					Total daily turnover 1,320 lots	
Cash	5785-95	5810-20	5785	5780-2		
3 months	5845-50	5875-80	5860/5835	5835-50	5840-5	8,854 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 34,549 lots	
Cash	1064.5-5.0	1062.5-3.5	1061.5	1061-2		
3 months	1063-4	1061.5-2.5	1064/1060	1060.5-1.0	1064.5-5	64,095 lots

LME Closing £/$ rate: SPOT: 1.4180 3 months: 1.4060 6 months: 1.4011 9 months: 1.3960

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	200.00	201.00	199.00
Aug	206.00	206.00	205.00
White	**Close**	**Previous**	**High/Low**
May	260.10	259.50	260.60 259.40
Aug	263.00	262.50	262.50 262.00
Oct	249.10		249.10 248.50
Dec	248.10		247.00 247.00
Mar	248.00		246.00 246.00
May	249.50		249.00 249.00
Aug	255.50		254.50 254.50

Turnover: Raw 19 (46) lots of 50 tonnes. White 369 (2290) Paris- White (FFr per tonne): Mar 1439.84 May 1494.89

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Apr	17.96	18.21	18.15 17.85
May	18.00	18.26	18.16 17.96
Jun	18.08	18.35	18.22 18.01
Jul	18.10	18.40	18.20 18.10
Aug	18.15	18.50	18.30 18.25
Sep	18.23	18.53	18.26 18.25
Oct	18.25	18.25	18.25
IPE Index	18.41	18.40	18.41

Turnover 19124 (28757)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Mar	166.00	170.75	168.25 165.25
Apr	166.00	170.25	168.00 166.00
May	165.75	170.00	167.75 165.75
Jun	165.75	170.00	167.50 165.75
Jul	167.50	171.75	169.00 167.50
Aug	169.25	173.25	170.75 170.75
Sep	172.00	175.50	173.00 172.00

Turnover 8359 (7989) lots of 100 tonnes

TEA

There were 13,809 packages for the day, including 40,000 offshore, reports the Tea Brokers Association. Improved but selective demand landed North Indians sold readily although Pekoe dusts showed an easier tendency. Bangladesh teas remained firm. Bright liquoring and good medium Africans were fully firm to dearer but others proved irregular and barely steady. Offshore teas met fair demand with plainer Kenya teas an easier market. The highest price this week was 202p for a Rwanda PF1. Quotations: quality 200p, good medium 160p, medium 142p, low medium 100p.

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	328.40-328.70	
Opening	328.30-328.70	
Morning fix	330.35	231.804
Afternoon fix	329.60	231.882
Day's high	328.60-328.90	
Day's low	328.30-328.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.68	6 months	2.53
2 months	2.64	12 months	2.55
3 months	2.63		

Silver fix	p/troy oz	US cts equiv
Spot	261.10	368.80
3 months	264.90	371.45
6 months	268.45	374.45
12 months	274.95	381.15

GOLD COINS

	$ price	£ equivalent
Krugerrand	328.00-331.00	232.00-234.00
Maple leaf	338.25-340.50	-
New Sovereign	78.50-81.50	55.00-57.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1200	14	48	10	21
1225	5	34	25	32
1250	3	28	47	46
Copper (Grade A)	**Calls**		**Puts**	
2200	30	71	13	43
2250	8	46	40	68
2300	3	28	83	99
Coffee	**Mar**	**May**	**Mar**	**May**
850	66	84	-	21
900	21	54	5	41
950	2	33	36	70
Cocoa	**Mar**	**May**	**Mar**	**May**
700	31	60	-	19
725	10	45	4	29
750	1	32	20	41
Brent Crude	**Apr**	**May**	**Apr**	**May**
850	36	63	43	56
900	19	-	74	-
950	8	21	115	-

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	732	725	733 725
May	742	737	744 737
Jul	754	751	754 750
Sep	767	764	769 766
Dec	785	782	785 782
Mar	804	801	806 803
Sep	845	843	851
Dec	870	866	875

Turnover: 2224 (9089) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 15 714.23 (705.57) 10 day average for Feb 12 712.39 (712.81)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	917	925	918 910
May	913	916	914 901
Jul	889	896	894 885
Sep	893	900	900 891
Nov	905		905
Jan	920		920

Turnover: 793 (3780) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 12: Comp. daily 57.29 (58.11) 15 day average 56.69 (55.60)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	40.5	41.2	41.0 40.0
May	44.0	44.0	43.5 42.1

Turnover 126 (162) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	148.00	149.00	148.00 148.00
Aug	149.00	151.00	149.00 149.00

Turnover 100 (-) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Feb	1348	1348	1349 1345
Mar	1367	1357	1368 1365
Apr	1356	1360	1357 1352
Jul	1185	1190	1190 1185
Oct	1349		1349 1345
BFI	1328	1321	1328

Turnover 84 (86)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	142.55	142.20	142.70 142.20
May	143.85	143.60	144.00 143.80
Jun	144.80	144.60	144.80 144.70
Nov	112.50	112.60	112.75 112.50
Jan	115.70	115.60	115.70
Mar	117.95	118.00	117.95
Barley	**Close**	**Previous**	**High/Low**
Mar	139.00	138.70	139.00 138.70
Sep	106.05	106.05	106.05

Turnover: Wheat 182 (235), Barley 27 (181).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	108.5	108.8	
Apr	108.5	108.8	

Turnover: - (17) lots of 3,250 kg

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 15	Feb 12	mnth ago	yr ago
1772.9	1782.0	1708.5	1584.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 12	Feb 11	mnth ago	yr ago
Spot	124.39	124.39	123.84	119.24
Futures	124.52	125.50	122.49	121.98

Contestants expect close finish to NY exchange leadership race

By Laurie Morse in Chicago

THE NEW York Mercantile Exchange, best known for its huge crude oil futures ring, is engaged in a leadership struggle that could result in the redefinition of the way exchanges return profits to their member-owners.

Mr Lou Guttman, the flamboyant Nymex chairman, is elaborating a plan to redistribute exchange earnings directly to members in a bid to gain a third term at the helm of the nation's third-largest futures exchange. While similar proposals have been made before, tax and legal factors have prevented their implementation. The Nymex, with its robust volume and history of successful new products, may be more financially suited to the scheme than any other US exchange.

The Nymex chairman is in a hotly-contested race to remain in the post after being passed over by an exchange nominating committee. The committee recommended Mr Daniel Rappaport, Nymex vice chairman and long-time director, as the next chairman.

The election will be held on March 16. While it is usual for nominees to run opposed, Mr Guttman will stand against Mr Rappaport as an independent candidate. His candidacy, some exchange members say, will be coloured by his continuing difficulties with the Commodity Futures Trading Commission, the US futures industry watchdog.

US markets were closed yesterday for the Presidents Day holiday.

Mr Guttman took a leave of absence from his chairmanship in July, when the CFTC told him that it was planning civil charges against him for violating trading regulations. The agency has not filed the charges, and Mr Guttman returned to the chairman's office December. During his five-month absence, Mr Rappaport filled in as chairman.

Mr Rappaport vows to keep Mr. Guttman's legal problems out of the debate. "It would be unfair even to raise [them]," he says. "Many of our members believe he has not been treated appropriately by the CFTC."

Both Mr Guttman and Mr Rappaport are supporters of the Nymex's move to new quarters in Manhattan in late 1994, and both say they would welcome a marriage with the New York Commodity Exchange should a Chicago Board of Trade take-over fail.

The contest, they agree, will be close, and is likely to be decided by appeals to members' wallets. While the Nymex had a record volume of 47m contracts in 1992, and record profits of $27m, floor traders and member firms complain of declining profits, a malaise shared by their counterparts at other US futures exchanges.

Mr Rappaport believes that better administration would remedy the situation. "We have deficiencies in long-term planning, staff inefficiencies, and more needs to be done in the way of member benefits," he says.

Mr Guttman, despite his 5-year tenure as chairman, is also running on a reform platform.

Saying his leadership has been hampered by a divided and politically apathetic membership, he is designing a limited partnership that would distribute operating profits to members annually.

"I see it as a way to re-involve members in exchange financial affairs. It would provide a focus, make them demand more accountability," he says.

Adverse weather brings setbacks for tea producers

By Kunal Bose in Calcutta

THE COMBINED production of tea in India, Sri Lanka and Bangladesh amounted to 931.3m kg in 1992, down from 1,027.6m kg in the previous year.

While Indian and Sri Lankan production suffered major setbacks, output in Bangladesh, a minor producer, rose by 3.1m kg to 48.3m kg. The worst sufferer was Sri Lanka, which, because of bad weather and low productivity, lost nearly 62m kg at 179m kg.

According to the Indian Tea Board, south India, which is in the same climatic zone as Sri Lanka, accounted for 26.43m of the 37.79m kg drop in the country's tea crop in 1992, which amounted to 703.9m kg. While the production of tea in Assam fell marginally to 387.8m kg the gardens in West Bengal lost 11.6m kg at 150.24m kg. Darjeeling in West Bengal, which has a small production base but boasts of some of the finest teas in the world, produced only 9.87m kg last year, compared with 13.07m kg in 1991. South Indian production was 158.61m kg.

Following the virtual collapse of the Russian market, which until 1991 was the destination of more than half of India's tea exports, the Indian tea companies reduced the production of orthodox tea to 115.22m kg from 155.37m kg. Production of CTC (crush, tear and curl) tea was raised to 581.28m kg.

World jute output forecast to fall

WORLD JUTE production in 1992-93 (July-June) is likely to fall by 15.2 per cent to about 2.9m tonnes, according to the International Jute Organisation, reports Reuter from Dacca.

It blamed the drop mainly on declining yields in Bangladesh and India, the two biggest producers. Production is expected to fall by 22.2 per cent to 1.26m tonnes in India and by 12.7 per cent to 828,000 tonnes in Bangladesh.

The IJO gave no reasons for the output falls but Bangladeshi government officials said many growers were discouraged by higher production costs and low prices in domestic market.

The IJO said production of jute was expected to rise in China, Thailand and Nepal.

LONDON STOCK EXCHANGE

Cautious opening to the new account

By Terry Byland,
UK Stock Market Editor

A WEEK to be featured by a heavy list of economic and corporate news opened with a UK stock market firm but drifting uneasily amid continuing uncertainty over sterling and domestic interest rates. Coolness in the London market was not helped by Wall Street's closure for President's Day and by caution ahead of important presentations to Congress this week by President Clinton and by Mr Alan Greenspan, head of the US Federal Reserve.

UK market indices were also restrained by weakness in the oil issues, where lack of US interest was compounded by lower crude prices and uncertain progress at the Opec talks. One of the few bright spots was the firmness of some Far Eastern stocks in response to a turn for the better in the Hong Kong market.

It was also the first day of the new two-week trading account in the equity market and share prices opened easier in thin trading. With sterling still weak in early deals and investors heartening to Friday's rejection of interest rate optimism by Mr Norman Lamont, the UK chancellor of the exchequer, there appeared little to go for in equities.

Also unsettling were the latest reports from Westminster, although worries over the government's handling of the Maastricht debate lessened after denials that it had considered ignoring the outcome of the parliamentary vote on an amendment to the Treaty.

However, the stock market picked up, largely on the back of renewed interest in the second line issues. By late morning, the FT-SE 100 Index was 11.7 ahead but, although support for the second rankers was maintained, the absence of a lead from Wall Street took the heart out of the blue chips. Lloyds Bank was a dull spot as profits were taken in the wake of Friday's sparkling results and dividend announcement.

At the final reading, the gain on the FT-SE 100 had been trimmed to 2.9 for a close of 2,845.9. However, the FT-SE Mid 250 Index remained 16.2 up at 3,022.5, and non-Footsie stocks increased to around 73 per cent their percentage of the day's Seaq total of 515.7m shares. On Friday, Seaq trading of 830.2m shares was worth a healthy £1.49bn in terms of retail business, fully sustaining the substantially improved volume trend in London equities.

Strategists took the view that the stock market had stood up well, in view of the weakness in oils and ex-dividend markdowns in prices for some leading blue chips. The activity in the smaller stocks made up for poor turnover in the blue chips, many of which struggled to return sub-average daily volume figures.

In addition to the developments this week in the US, the London market faces important data on the progress of the domestic economy, ranging from the latest survey of distributive trades by members of the Confederation of British Industry, due today, to the January statistics on UK unemployment and money supply, expected on Thursday.

At Nikko, Mr Peter Thorne believes that the unemployment figures could show a further rise, "sufficiently large" to renew speculation of another base rate cut, in spite of last week's firm rejection of such plans by the UK chancellor. But the stock market was also keeping a close eye on the foreign exchange markets, mindful of the pressures that a run on the pound could impose on any decision on interest rates.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	13	540	-3
ASDA Group	11,000	61½	+1½
Abbey National	511	359	+3
Albert Fisher	1,100	68	
Allied-Lyons	1,100	580	-3
Amstrad	426	22½	
Anglian Water	550	504	+5
Argos	543	288	+1
Argyll Group	2,100	368	+2
Arjo Wiggins	1,000	178	+3
Ass Brit. Foods	214	488	+3
Ass Brit. Ports	154	358	+1
BAA	728	771	
BAT Inds.	3,300	971	+14
BET	5,700	101	+5½
BICC	993	346	+3
BOC	287	746	-4
BP	4,400	267	-4½
BPB Inds.	2,100	222	+3
BT	2,000	406	-3
BT New	2,000	201	-3
BTR	1,500	545	-4
Bank of Scotland	486	129	
Barclays	2,800	447	+12
Bass	959	373	-5
Berisford Int.	69	126	+3
Blue Circle	1,300	213	+4
Booker	796	420	+5
Boots	991	488	-2
Bowater	523	485	+1
Brit. Aerospace	1,100	250	-8
British Airways	3,300	279	-4
British Gas	2,800	287	
British Land	58	229	
British Steel	621	77½	+1
Bunzl	517	134	+2
Burmah Castrol	186	705	+7
Burton	8,300	70	
Cable & Wire.	1,100	733	+14
Cadbury Schweppes	867	468	+1
Calor Group	13	259	
Carlton Comms.	283	737	+2
Coats Viyella	148	222	
Comm. Union	669	605	-1
Cookson	702	210	+2
Courtaulds	339	576	
Dalgety	288	470	+3
De La Rue	145	672	-6
Dixons	574	216	-2
Eastern Elect.	590	443	+8½
East Midland Elect.	423	428	+2
Eng China Clays	381	447	+2
Enterprise Oil	189	469	-2
Eurotunnel Units	243	480	+9
FKI	522	122	+1
Fisons	1,300	245	+4
Forte	2,800	190	-2
Gen. Accident	1,300	575	+9
General Elect.	2,200	289	-1
Glaxo	3,800	669	-5
Glynwed Int.	781	280	
Granada	1,000	383	+2
Grand Met.	4,100	438	-2
GUS A	218	1382	-1½
GRE	1,800	176	+7
GKN	439	467	+3
Guinness	925	457	-2
HSBC (75p shs)	3,400	598	+8
Hammerson "A"	47	284	+2
Hanson	4,600	254	-1
Hanson Warrants	1,000	29½	-½
Harrisons Crosfield	189	172	+1
Hillsdown	2,800	149	+3
IMI	183	258	-3
ICI	618	1159	-1
Inchcape	1,400	578	+14
Kingfisher	1,100	534	+7
Kwik Save	53	606	+2
Ladbroke	1,600	187	+3
Land Securities	2,200	461	-4
Laporte	632	671	+2
Legal & General	1,700	452	+13
Lloyds Abbey	1,100	424	-5
Lloyds Bank	3,200	513	-8½
LASMO	1,000	169	+1
London Elect.	1,200	445	+2
Lonrho	9,500	87	+7½
Lucas	1,900	143	+3
MB Caradon	1,400	310	
MEPC	343	360	+1
Manweb	178	486	+8
Marks & Spencer	1,100	339	+3
Midlands Elect.	454	472	+6
Morrison (Wm.)	694	163	+7
NFC	754	271	+2
NatWest Bank	3,600	468	+6
National Power	3,400	302½	-2½
Next	164	142½	+1
North West Water	279	498	+8
Northern Elect.	387	482	+8
Northern Foods	2,100	285	-2
Norweb	787	483	+13
Pearson	980	379	+6
P & O	977	558	
Pilkington	3,300	111	+2
PowerGen	2,400	303	-4
Prudential	3,100	307	+2
RMC	24	568	
RTZ	517	663	+2
Racal	1,700	182	+1
Rank Org.	1,400	695	+8
Reckitt & Colman	406	616	+1
Redland	915	451	+2
Reed Intl.	321	563	+3
Rentokil	295	225	+1
Reuters	157	1348	+12
Rolls Royce	3,200	129	+4
Rothmans	478	622	+13
Ryl Bk Scotland	1,400	239	+1
Royal Insurance	2,600	269	
Saatchi	70	139	
Sainsbury	1,800	532	+8
Scottish & New.	1,000	423	-7
Scot. Hydro-Elect.	1,300	247	+2½
Scottish Power	3,700	227	+2½
Sears	256	99	-½
Sedgwick	610	178	+7
Seeboard	435	479	+9
Severn Trent Water	985	489	+4
Shell Transport	2,200	590	-1
Siebe	1,700	465	+2
Slough Ests	69	181	
Smith (W.H.) A	117	415	-2½
Smith & Nephew	1,600	153	-½
SmKl Beecham	2,800	464½	-3
SmKl Beecham Uts.	2,200	412½	+2½
Smiths Inds.	230	363	-2
Southern Elect.	708	483	+10
South Wales Elect.	51	510	+5
South West Water	699	525	+3
South West. Elect.	949	478	+9
Southern Water	285	498	+8
Standard Chartd.	201	633	
Storehouse	1,200	185	+2
Sun Alliance	1,600	339	+1
T&N	374	184	+2
TI Group	936	294	-11
TSB	2,600	171½	+5
Tarmac	2,900	100	-4
Tate & Lyle	205	404	+2
Taylor Woodrow	683	78	-1
Tesco	2,300	248	+3
Thames Water	1,200	509	+3
Thorn EMI	375	854	-3
Tomkins	1,300	266	+2
Trafalgar House	5,600	78½	+¼
Unigate	1,400	357	+15
Unilever	748	1161	+2
United Biscuits	1,200	348	+4
Utd. Newspapers	186	536	-5
Vodafone	839	387	-2
Warburg (SG)	30	609	+1
Wellcome	558	924	+2
Welsh Water	423	580	+3
Wessex Water	384	610	+3
Whitbread 'A'	2,100	474	-8
Williams Hldgs.	1,400	344	+3
Willis Corroon	407	182	-1
Wimpey	102	131	-2
Wolseley	96	645	-2
Yorkshire Elect.	482	495	+4
Yorkshire Water	341	549	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Feb 1	Feb 15	Mar 1
Option Declarations:		
Feb 11	Feb 25	Mar 11
Last Dealings:		
Feb 12	Feb 26	Mar 12
Account Day:		
Feb 22	Mar 8	Mar 22

*New time dealings may take place from 8.30am two business days earlier.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 2845.9 +2.9 | **FT-SE MID 250 3022.5 +16.2** | **FT-A ALL-SHARE 1386.96 +2.77**

	Feb 15	Day's change %	Feb 12	Feb 11	Feb 10	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2845.9	+0.1	2843.0	2834.3	2816.4	2541.0	6.44	4.31	19.98	5.64
FT-SE Mid 250	3022.5	+0.5	3006.3	3006.5	3001.9	2475.2	6.85	4.28	18.47	7.00
FT-SE-A 350	1404.3	+0.2	1401.5	1398.2	1390.8	1231.3	6.53	4.30	19.64	2.96
FT-SE SmallCap	1520.73	+0.2	1517.27	1518.39	1516.38	–	5.43	4.21	25.68	4.16
FT-SE SmallCap ex Inv Trusts	1521.83	+0.2	1518.58	1519.25	1518.35	–	6.06	4.49	23.59	3.89
FT-A ALL-SHARE	1386.96	+0.2	1384.19	1381.00	1374.08	1216.84	6.46	4.29	19.92	2.97
1 CAPITAL GOODS(211)	920.02	+0.1	919.44	921.18	922.11	783.00	6.14	4.68	21.31	1.51
2 Building Materials(27)	960.23	+0.5	955.12	955.90	954.58	962.16	5.31	5.62	26.81	0.77
3 Contracting, Construction(29)	811.32	-0.8	817.69	817.28	821.35	889.23	3.11	6.00	80.00†	1.23
4 Electricals(14)	2660.49	+0.4	2651.05	2690.15	2691.43	2436.66	6.05	5.47	21.71	3.25
5 Electronics(35)	2469.82	—	2470.28	2480.79	2490.32	1788.50	6.40	3.48	19.76	14.53
6 Engineering-Aerospace(7)	345.56	+0.1	345.25	345.55	346.96	313.88	10.24	6.79	12.44	0.00
7 Engineering-General(52)	546.03	-0.4	548.08	551.39	553.08	485.12	7.40	4.36	17.27	1.29
8 Metals & Metal Forming(11)	361.45	+0.7	359.12	362.06	358.66	330.61	4.83	3.66	30.13	0.29
9 Motors(18)	394.68	+0.8	391.41	389.90	388.32	305.63	5.02	5.93	29.32	0.00
10 Other Industrials(18)	2003.07	-0.1	2004.87	2002.68	2005.15	1590.66	6.21	4.24	19.56	0.39
21 CONSUMER GROUP(232)	1698.29	+0.2	1695.68	1688.52	1680.38	1670.87	6.89	3.48	18.06	3.39
22 Brewers and Distillers(28)	1931.38	-0.6	1942.49	1953.24	1960.76	2081.51	8.72	3.93	13.98	10.16
25 Food Manufacturing(22)	1371.28	+0.6	1363.58	1361.02	1358.55	1262.95	7.70	3.80	16.19	1.54
26 Food Retailing(18)	3196.54	+0.9	3168.76	3084.65	3151.22	2519.56	7.97	3.28	16.34	2.40
27 Health & Household(29)	3950.93	-0.1	3956.40	3934.38	3809.42	4521.58	5.63	2.87	20.69	0.54
29 Hotels and Leisure(20)	1316.32	+0.3	1311.84	1310.94	1319.02	1297.53	6.45	5.23	20.33	7.06
30 Media(33)	1858.76	+0.6	1847.69	1853.35	1840.48	1514.85	5.58	2.90	22.32	1.42
31 Packaging and Paper(23)	827.64	+0.3	824.85	822.73	817.05	735.87	6.46	3.92	19.09	0.57
34 Stores(39)	1102.10	+0.2	1100.31	1086.51	1097.61	1059.26	6.48	3.29	20.48	2.92
35 Textiles(20)	775.36	-0.1	776.20	772.90	774.93	620.45	6.35	4.10	19.94	0.49
40 OTHER GROUPS(142)	1483.59	+0.4	1477.71	1480.48	1472.39	1220.04	8.22	4.67	15.00	3.36
41 Business Services(27)	1631.33	+1.6	1605.37	1597.95	1594.24	1391.57	5.50	3.16	22.43	0.33
42 Chemicals(23)	1497.81	-0.1	1499.36	1497.04	1487.92	1491.45	6.06	4.88	20.76	0.45
43 Conglomerates(11)	1489.81	+0.1	1487.72	1498.82	1491.53	1278.58	7.10	7.07	15.94	2.79
44 Transport(16)	2866.49	+0.2	2860.88	2864.47	2883.02	2394.98	7.85	4.14	15.31	3.49
45 Electricity(16)	1603.23	+0.5	1595.62	1597.06	1560.73	1202.91	13.52	4.74	9.51	16.54
46 Telephone Networks(4)	1694.76	-0.2	1697.31	1702.58	1695.04	1407.12	7.76	4.04	16.79	1.63
47 Water(13)	3412.93	+0.9	3384.16	3399.11	3356.62	2464.25	13.25	5.19	8.39	11.83
48 Miscellaneous(32)	2477.93	+1.3	2447.11	2448.91	2454.75	1827.90	5.89	4.15	21.39	0.46
49 INDUSTRIAL GROUP(585)	1440.94	+0.2	1437.76	1435.51	1430.60	1303.18	7.21	4.11	17.33	2.92
51 Oil & Gas(18)	2343.97	-0.7	2360.92	2378.13	2333.16	2061.60	6.10	5.53	21.58	5.06
59 "500" SHARE INDEX(603)	1523.68	+0.1	1521.83	1520.88	1513.16	1374.10	7.09	4.26	17.69	3.10
61 FINANCIAL GROUP(88)	952.64	+0.6	946.77	934.98	930.46	712.47	3.66	4.78	51.41	2.45
62 Banks(9)	1324.65	+0.7	1316.05	1288.56	1279.87	864.34	6.01	4.50	24.27	5.72
65 Insurance (Life)(6)	1861.83	+1.0	1842.49	1837.34	1832.39	1400.11	2.72	4.88	64.88	0.00
66 Insurance (Composite)(7)	641.80	+0.9	636.32	636.99	626.25	480.07	‡	4.80	‡	0.00
67 Insurance Brokers(10)	793.07	+0.1	792.01	798.03	800.84	982.77	7.61	6.73	17.64	0.88
68 Merchant Banks(6)	564.78	+0.3	563.02	556.00	558.07	476.51	7.57	4.04	17.38	0.00
69 Property(28)	707.09	—	707.44	710.05	712.60	762.83	7.94	5.99	16.30	1.04
70 Other Financial(23)	333.75	+0.3	332.80	333.09	334.48	245.22	6.58	5.08	19.96	0.19
71 Investment Trusts(107)	1449.77	+0.4	1444.52	1444.00	1438.16	1180.05	2.29	2.91	43.65	4.43
99 FT-A ALL-SHARE(795)	1386.96	+0.2	1384.19	1381.00	1374.08	1216.84	6.46	4.29	19.92	2.97

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2839.2	2839.4	2849.6	2850.1	2854.2	2851.0	2846.8	2845.1	2848.4	2854.7	2837.0
FT-SE Mid 250	3006.5	3008.5	3013.6	3019.0	3022.4	3023.9	3023.7	3023.5	3024.1	3024.3	3006.5
FT-SE-A 350	1400.1	1400.4	1404.8	1405.6	1407.5	1406.4	1404.8	1404.1	1405.4	1407.6	1399.4

Gross dividend yield (ACT at 25%) FT-SE 100:4.31%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1605.1	1605.5	1605.7	1603.4	1601.3	1601.9	1601.2	1600.6	1593.4	1594.9	1612.4	-17.5
Health & H	1194.7	1193.4	1198.2	1197.7	1198.1	1197.4	1194.5	1193.9	1191.4	1190.8	1192.0	-1.2
Water	1399.4	1399.3	1408.8	1411.8	1411.9	1414.4	1412.4	1412.0	1411.1	1410.5	1399.1	+11.4
Banks	1602.6	1605.4	1613.6	1614.1	1617.2	1611.4	1609.6	1609.1	1611.7	1609.4	1599.0	+10.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.
The FT-SE Actuaries Share Indices are audited by The WM Company.

Grand Met in demand

SUPPORT from NatWest Securities helped Grand Metropolitan hold up in a brewery sector weakened by comments from Foster's, the Australian group, which owns Courage in Britain. GrandMet moved into the NatWest 'Top Ten Buy' list as the broker decided recent underperformance had been overdone and that next week's agm statement would be cautiously optimistic on current trading, particularly in the weak North American food business.

Analyst Mr Geoff Collyer said the chances of the group making a rights issue, a factor behind the stock's recent poor performance, had diminished as the currency market had moved against sterling.

GrandMet rose in early trading, but weakened as the Foster's news hit the market. Foster's reported that its UK margins were under pressure, beer volume was down and the government's drinks legislation was creating difficult market conditions. The shares closed 2 down at 438p in turnover of 4.1m. Bass lost 5 to 373p, Allied Lyons 3 to 580p, Scottish & Newcastle 7 to 423p and Whitbread "A" 8 to 474p.

Unigate buoyant

Food conglomerate Unigate enjoyed a further buoyant session as it announced another acquisition and sought to assure the market that it did not intend to raise cash through a rights issue. The company clinched its second deal in four days with the purchase of Glass Glover Group for £54m, after picking up Clifford Foods on Friday for £50.4m. Unigate won more plaudits as it held out the prospect of recovering most of its outlay by floating its US restaurant operations. Analysts said this would realise more than £100m.

Yesterday's moves were also welcomed as another component in Unigate's strategy of concentrating its business on the UK in general and the food manufacturing sector in particular. Analysts said that, because of cheap borrowings, the Glass Glover acquisition should boost earnings. As with Friday's deal, most analysts raised profit forecasts by between £1m to £3m. The shares jumped 15 to 357p.

LLoyds sold

Further consideration of the results from Lloyds Bank imposed a drag on the share price which fell 8½ to 513p xd.

The negative view was emphasised by Mr Mark Eady of NatWest Securities, who published a sell recommendation yesterday arguing that the figures had been flattered by foreign exchange trading profits, currency translation gains and write-downs for third world debts. The shares were further affected by recurrent speculation that the bank might bid for TSB.

US house Lehman Brothers also voiced caution arguing that: "The shares looked stretched without a new source of operating gains." Lehman suggests switching into Abbey National, up 3 at 359p, or Barclays, up 12 at 447p.

TI lower

Shares in aerospace and engineering company TI Group were hit by reports that American Airlines was considering returning some of its 34 Airbus aircraft as a cost-cutting measure. The shares fell 11 to 294p. The company is exposed to Airbus through the Dowty subsidiary it acquired last year.

Hoare Govett yesterday reiterated its caution on several of the aerospace and engineering stocks, including TI which weakened sentiment in the stock further. However UBS Phillips & Drew was said to be positive on TI.

Oil stocks were marked lower as the market awaited agreement on oil production cuts at the OPEC meeting in Vienna. BP, trading ex a 2.1p dividend, was down 4½ to 267p, while Shell Transport was a penny lower at 590p.

Volumes were low principally because of the closure of the US market for President's Day. Mr Fergus Mcleod of NatWest Securities added: "I think the poor turnover shows that people are sitting on their hands waiting to see how OPEC turns out." There was particular concern that Kuwait appeared to be standing firm against an output reduction and crude oil prices were also depressed.

Building products group MB-Caradon attracted attention after the company said it was to seek shareholder's permission to sell its 25.3 per cent stake in packaging manufacturer CarnaudMetalbox.

At the day's best, MB shares were up 11 at 321p, as dealers speculated that the sale signalled a more lucrative purchase for MB-Caradon. But profit-taking later in the day saw the stock surrender most of the early gains and close unchanged at 310p, after trade of 1.3m. CarnaudMetalbox rose 82 to 2675p. Old bid favourites Hepworth, up 11 at 347p, and Marley, 4 ahead at 113p, were put in the frame as a result of the MB-Caradon deal.

Blue Circle put on 4 to 213p as NatWest Securities declared itself more positive, describing the stock as a "highly marketable long term recovery play." BPB advanced 3 to 222p following a series of recent presentations.

The speculation that someone will bid for Fisons, the pharmaceuticals and scientific equipment group, refused to die and the shares added a further 4 at 245p. Hanson was yesterday's predicted suitor and shares in the conglomerate eased a penny to 254p ahead of first-quarter figures today. Hanson was also very actively traded in the options market.

Reuters Holdings recovered more ground following last week's figures and closed 12 higher at 1348p.

Rothmans International improved 13 to 622p in reaction to last week's news that the company plans to restructure its Singapore and Malaysian tobacco companies. The pound's general weakness also helped the shares as 90 per cent of the tobacco group's earnings come from outside the UK.

Inchcape, the motor and consumer goods distributor, rose 14 to 578p after Nikko Europe raised its 1993 profits forecast to £300m from £270m.

Political speculation in Hong Kong, fuelling rises in the Hang Seng index, helped HSBC and Cable and Wireless. Cables were also given a push by Hoare Govett which said the stock had extra value from currency movements, benefiting £4m for every one cent movement in the US dollar against sterling. The shares steamed forward 14 to 733p. HSBC ordinary gained 8 to 598p and the Hong Kong registered 9 to 580p.

The insurance sector gave a strong performance with buyers encouraged by a positive note from securities house Smith New Court. Mr Steven Bird, Smith New Court's insurance analyst said: "All the composites should see a significant improvement in their earnings over the next few years." The team's 'nap selection' is Commercial Union, but an early gain of 5 was whittled away by the afternoon and the shares closed a penny easier at 605p. The house also likes General Accident, 9 higher at 575p.

Ratification of the EC agreement on bananas boosted Geest, the shares surging 26 to 419p. Further press speculation on the prospects of VAT being imposed on food failed to have any more impact on retailers whose shares have been consistently weak in recent sessions. But, similar worries taxed W.H. Smith, the 'A' shares 7 adrift at 415p xd.

Interim results and an increased dividend from Dalgety pleased the market and the shares added 3 at 470p. While its areas such as pet foods and crisps were stronger, prospects of margins squeezing elsewhere led many analysts to reduce profits slightly for the full year.

Dividend hunters sought out Rank Organisation and the shares added 8 at 696p.

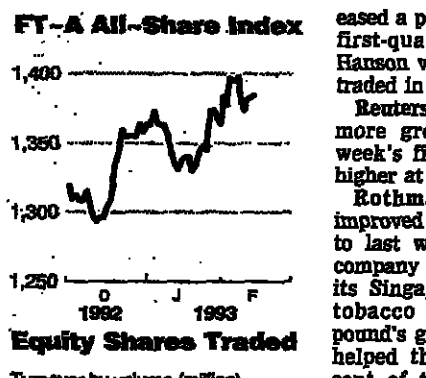
Comment in the Sunday press attracted early support for Castle Mill International, the handbag maker. A subsequent shortage of stock left the shares up 2¼ at 8½p.

International trader Lonrho was in demand as investors reflected on the changes in the company's management. The shares firmed 5¼ to 87p xd in heavy trade of 9.5m.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

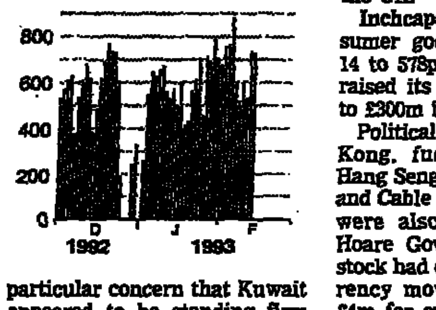
■ Other market statistics, Page 22

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (233).
BRITISH FUNDS (28) OTHER FIXED INTEREST (8) AMERICANS (11) Allegheny & Westn., American T & T, Bell Atlantic, Bellsouth, FPL, NYNEX, Pennzoil, Sear Roebuck, Southwestern Bell, Tenneco, US West, CANADIANS (7) American Barrick, BCE, Bk. Montreal, Bk. Nova Scotia, Can Pacific, Hudson's Bay, Royal Bk. Canada, BANKS (8) ABN, Bk. Scotland 9¼pc Pf., Deutsche, HSBC (75p), HSBC (HK), BREWERS (1) Kirin, BLDG MATLS (5) Anglian, BPB, Kalon, Lilleshall, St. Gobain, BUSINESS SERVS (3) Capita, Chubb, Hutch Whmp., CHEMS (6) BASF, Evode 7p Pf., Hoechst, Laporte, Wolstenholme Rink, Yule Catto, CONGLOMERATES (1) Harrisons & Crosfield, CONTG & CONSTRCN (1) Eve, ELECTRICALS (3) ASEA, Johnson, Sony, ELECTRICITY (3) China Light, Eastern, Norweb, ELECTRONICS (9) Admiral, Ferranti, Forward, Gresham, Kodo, Learmonth & Burchett, Pook, Siemens, Tunstall, ENG GEN (5) Barry Wehmiller, Clyde Blowers, Protean, Rotork, VSEL, FOOD MANU (3) Clifford, Do N/V, Unilever, FOOD RETAILING (1) Thorntons, HEALTH & HSEHOLD (4) Hespak, Mayborn, Ransom, Tepnel Diagnostics, HOTELS & LEIS (3) Prism Stakis, Vardon, INSCE BROKERS (1) Lloyd Thompson, INSCE COMPOSITE (2) Allianz, Domestic & Gen., INSCE LIFE (3) Torchmark, Transatlantic, Utd Friendly, INV TRUSTS (63) MEDIA (8) Abbott Mead Vickers, Blenheim, GWR, Harrington Kilbride, LWT 3.90625p Pf., Scottish TV, MERCHANT BANKS (4) Close Bros., Schroders, Do N/V, Singer & Friedlander, MTL & MTL FORMING (1) Ferrario, MISC (8) Alumasc, Bluebird, Danka, Faber Prest, GW, Lincat, Lincoln House, Tomo (J), OIL & GAS (3) Dow Valley, NZ Oil, Occidental, Shell 7pc Pf., Total, OTHER FINCL (5) DWO, Govett, London Finance, Natl. Home Loans, St. James Pl., OTHER INDLS (1) Cokvgan, PACKG, PAPER & PRINTG (1) Carnaud, PROP (4) Land Sec 10pc '25, Do 10pc '27, Do 10pc '30, Shaftesbury, STORES (4) Brown & Jackson, Cons. Fine Art Devlpts., Ornhams, TELE NETWORKS (1) Cable & Wireless, TEXTS (4) Alexandra, Castle Mill, Caledon, Toray, WATER (7) Anglian, Chesm A, Severn Trent, Sth West, Southern, Wessex, Yorks., PLANTATIONS (1) Consld Plants., MINES (4) Antofagasta, Caledonia, Resolute Res., Vaccsa.
NEW LOWS (7).
ENG GEN (1) Wellman, FOOD MANUF (1) Dalepak, MEDIA (2) Allied Radio 8pc '01, Birkdale, OTHER INDLS (1) Elecs, PROP (2) Warnford, YRM

FINANCIAL TIMES EQUITY INDICES

	Feb 15	Feb 12	Feb 11	Feb 10	Feb 9	Year ago	High	Low
Ordinary share	2187.8	2187.6	2166.0	2174.7	2194.0	1970.5	2226.1	1670.0
Ord. div. yield	4.33	4.33	4.33	4.35	4.31	4.63	5.34	4.23
Earning yld % full	5.94	5.94	5.89	5.93	5.87	6.66	-	-
P/E ratio net	21.44	21.45	21.54	21.51	21.72	18.74	22.01	15.79
P/E ratio nil	19.79	19.80	19.87	19.84	20.04	17.85	-	-
Gold Mines	91.2	94.3	98.6	90.3	81.6	139.0	160.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2226.1 8/2/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2185.8	2181.6	2188.2	2189.7	2194.3	2193.0	2190.1	2187.4	2187.1	2194.7	2179.5

Volume	Feb 15	Feb 12	Feb 11	Feb 10	Feb 9	Year ago
SEAQ Bargains	31,097	38,504	33,737	30,665	34,161	29,887
Equity Turnover(£m)†	-	1488.7	1621.4	1271.5	1582.6	832.60
Equity Bargains†	-	42,215	38,383	34,811	39,649	29,851
Shares traded (mil)†	-	730.2	744.1	540.2	608.9	389.1

† Excluding intra-market business and overseas turnover

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A LARGE single trade in conglomerate Hanson's stock options ahead of today's figures was the main feature in the derivates market, writes Joel Kibazo.

The Hanson trade contributed significantly to total turnover of 30,161 lots in traded options, just ahead of Friday's figure. However, business in the FT-SE 100 option was modest, volume reaching only 9,334 contracts.

In Hanson, a leading securities house was reported to have bought a large quantity of the February 240 puts, and by the close of business Hanson options had traded a total of 6,232 contracts. It was followed by Glaxo at 1,849 lots, Asda at 1,833 and then by Lonrho, which was also busy in the equities, at 1,681 contracts.

In stock index futures, an initial sell-off after the March contract on the Footsie opened at 2,842 was followed by a gentle squeeze which drove it forward. March remained at the higher levels for most of the session and touched the day's peak of 2,858 around lunchtime, although actual buying remained thin.

With little in the way of economic features, and Wall Street closed, the earlier interest in the contract waned and it drifted lower for the rest of the day.

It finished at 2,853, a premium of one to the underlying cash market, with volume coming to a meagre 4,488 trades, well below Friday's total of 12,521 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100⅛	—	101⅞	99⅛	9.93	5.92
12½pc 1993‡‡	102⅜	-1/32	104⅛	100⅝	12.15	5.55
Funding 6pc 1993‡‡	100⅛xd	—	100¼	95⅛	5.99	5.54
Treas 13¾pc 1993‡‡	106⅛	—	107⅝	103⅛	12.95	5.48
8½pc 1994	102⅝	—	102⅝	96⅛	8.28	5.43
14½pc 1994‡‡	109xd	-1/16	110⅛	104⅝	13.30	5.48
Exch 13½pc 1994	109⅛	-1/16	110⅝	103⅝	12.39	5.59
Treas. 10pc Ln. 1994‡‡	105½	—	105⅝	98⅝	9.48	5.48
Exch 12½pc 1994	109⅝xd	—	110⅛	103⅛	11.38	5.69
Treas 9pc 1994‡‡	105½	-1/16	105⅝	96⅝	8.53	5.69
12pc 1995	111⅛	-1/16	111⅝	102⅝	10.80	5.86
Exch 3pc Gas 90-95	96⅝	—	96⅝	88¼	3.18	4.57
10¼pc 1995	109⅝	-1/16	109⅝	98⅛	9.35	5.98
Treas 12¾pc 1995‡‡	116⅝	-1/16	116⅝	106¼	10.93	6.08
14pc 1996	120⅛	-1/16	120⅝	108⅝	11.64	6.32
15¼pc 1996‡‡	125⅛	-1/16	125⅝	113⅝	12.18	6.45
Exch 13¼pc 1996‡‡	119⅝	-1/16	120⅛	108	11.08	6.46
Conversion 10pc 1996	111⅛	—	111⅝	98⅝	8.99	6.57
Treas 13¼pc 1997‡‡	122⅛	—	122⅝	109⅝	10.84	6.73
Exch 10½pc 1997	113⅛xd	-1/16	113½	100⅝	9.28	6.70
Treas 8¾pc 1997‡‡	107⅝xd	—	108⅝	94	8.12	6.72
Exch 15pc 1997	131½	+1/16	132⅛	117⅝	11.41	6.99
9¾pc 1998	111⅝	-1/16	112⅛	97⅝	8.73	6.90
Five to Fifteen Years						
Treas 7¼pc 1998	102⅛	-1/16	102⅝	95⅝	7.14	6.71
Treas 6¾pc 1995-98‡‡	100⅛	+1/16	100⅝	89⅝	6.73	6.56
15½pc '98‡‡	137⅛	-1/16	137⅝	123⅛	11.30	7.28
Exch 12pc 1998	121⅝	-1/16	122⅛	107⅝	9.89	7.35
Treas 9½pc 1999‡‡	111	-1/16	112⅛	97⅛	8.56	7.17
Exch 12¼pc 1999	122⅝	—	123⅛	109½	9.98	7.48
Treas 10½pc 1999	115⅝	—	116⅝	101⅝	9.07	7.28
Conversion 10¼pc 1999	115⅛	—	116⅛	100⅝	8.91	7.36
9pc 2000‡‡	109⅛xd	+1/16	110	94⅝	8.25	7.31
Treas 13pc 2000	128⅝	+1/16	129⅝	114⅝	10.09	7.73
10pc 2001	113⅛xd	+1/16	113⅝	99⅝	8.83	7.72
14pc '98-1	128⅝	-1/16	128⅝	115⅝	10.91	7.38
9¾pc 2002	111⅝xd	+1/16	111⅝	98⅛	8.71	7.82

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
9pc 2003 (£50 pd)	59⅝	+1/16	59⅝	46⅝	8.06	7.86
10pc 2003	113⅛xd	+1/16	113⅛	100⅛	8.83	8.07
Treas 11½pc 2001-4	120⅛xd	+1/16	120¼	107⅛	9.57	8.03
Funding 3½pc '99-4	73⅝	-1/16	73⅝	59½	4.88	7.08
Conversion 9½pc 2004	109⅛	+1/16	109⅝	96⅝	8.68	8.20
9½pc 2005	109⅝	+1/16	109⅝	96⅝	8.69	8.24
Treas 12½pc 2003-5	128⅝	-1/16	128⅝	116⅛	9.74	8.41
8pc 2002-6‡‡	98⅝	+1/16	98⅝	85½	8.11	8.22
Treas 11¾pc 2003-7	122⅝	+1/16	122⅛	110⅝	9.58	8.34
Treas 8½pc 2007‡‡	101⅛	+1/16	101⅛	89⅝	8.41	8.34
8½pc 2007 B	40⅝	+1/16	40⅝	38¼	8.43	8.38
13½pc '04-8	135⅛	+1/16	135⅝	123⅝	9.98	8.50
Over Fifteen Years						
9pc 2008‡‡	105⅛	+1/16	106⅛	93⅝	8.57	8.39
8pc 2009	95⅝	+1/16	96⅛	85⅛	8.43	8.44
Conv 9pc Ln 2011‡‡	104⅛	+1/16	104⅛	93⅝	8.64	8.53
Treas. 9pc 2012	104⅛	+1/16	104⅛	93⅝	8.66	8.55
Treas 5½pc 2008-12‡‡	73⅛xd	+1/16	73⅛	62⅝	7.53	8.29
7¾pc 2012-15‡‡	93⅛	+¼	93⅝	81⅝	8.32	8.43
Exch 12pc '13-'17	130⅛	+1/16	130⅛	118⅝	9.18	8.74
Treas 8¾pc 2017	100⅝xd	+1/16	101⅛	91⅝	8.94	8.64
Undated						
Consols 4pc	45⅛	+1/16	45⅛	39⅞	8.78	-
War Loan 3½pc‡‡	40⅛	+1/16	40⅛	35⅛	8.69	-
Conv 3½pc '61 Aft	62⅛	+1/16	63⅝	59	5.59	-
Treas 3pc '66 Aft	34½	-1/16	35	25⅝	8.66	-
Consols 2½pc	29⅞	+1/16	29⅝	24⅝	8.37	-
Treas. 2½pc	28⅛	+1/16	29	24⅝	8.75	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	low	Yield (1)	(2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	132⅝	-1/16	133⅛	122⅞	-	0.37
2pc '96 (67.9)	198⅝xd	-1/16	197⅝	178⅛	1.27	2.06
4⅝pc '98 (135.6)	108⅛	—	108⅝	100⅝	2.85	2.68
2½pc '01 (78.3)	164⅛xd	+1/16	164⅝	139⅝	2.85	3.02
2½pc '03 (78.8)	160⅝	+1/16	161⅛	135	2.83	3.14
4⅝pc '04 (135.6)	109⅛	+½	109⅝	101⅝	2.93	3.23
2pc '06 (69.5)	165⅛	+1/16	165⅛	137⅛	3.08	3.32
2½pc '09 (78.8)	149½	+1/16	149½	124⅝	3.27	3.48
2½pc '11 (74.6)	154⅛xd	+1/16	154⅛	129⅛	3.33	3.53
2½pc '13 (89.2)	127	+1/16	127	106⅝	3.39	3.57
2½pc '16 (81.6)	135	+1/16	135⅛	112⅝	3.46	3.62
2½pc '20 (83.0)	129¼	+1/16	129⅛	107⅝	3.52	3.67
2½pc '24‡‡ (97.7)	107	+1/16	107	88⅝	3.55	3.69
4⅛pc '30‡‡ (135.1)	107⅛	+1/16	107⅛	91⅝	3.58	3.70

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for June 1992: 139.3 and for January 1993: 137.9.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
African Dev 11¼ 2010	119⅝	+1/16	119⅝	105⅝	9.29	8.85
Asian Dev 10¼pc 2009	112⅝	+1/16	112⅝	100⅛	9.08	8.74
B'ham 11½pc 2012	119¼	-1/16	119½	102⅛	9.64	9.35
Ireland Cap 8½pc '10	99⅝	+1/16	102	89⅛	8.78	-
9pc Cap 1996	100	+1/16	100½	90	9.00	-
13pc '97-2	113	+1	119¼	103⅝	11.50	-
Hydro Quebec 15pc 2011	142⅝	+1/16	142⅝	137⅝	10.51	9.89
Leeds 13½pc 2006	132¼	-1/16	132¼	116¼	10.21	9.28
Liverpool 3½pc Irred	34½	-1/16	38	30	10.14	-
LCC 3pc '20 Aft	31¼	-1/16	32	27	9.80	-
Manchester 11½pc 2007	118	+1/16	118	103⅛	9.75	9.24
Met. Wtr. 3pc 'B'	68¼	+½	68½	53	4.53	7.96
N'wide Anglia 3⅝pc 2021	120⅛	+½	121	103¼	-	4.82
4⅝pc IL 2024	118¼	+½	118¼	103¼	-	8.67
Utd Mex States 16½pc 2008	136	+1/16	136	121½	12.13	11.48

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	19½xd	+¼	21¼	14⅞	16,581	2.1
Allegheny & W	♥	529p	+4	529p	226p	274.9	3.9
Amdahl		556p	–22	1159p	439p	624.4	1.2
Amer Cyanamid		37¾	+¼	38⅝	28⅝	3,403	3.0
Amer Express		17⅞xd	–⅜	17¾	10⅞	8,336	4.0
Amer T & T		38⅞xd	+⅛	38⅞	20⅞	50,785	2.4
Ameritech		52¼	+⅛	52⅞	32½	22,877	4.8
BankAmerica		37⅛xd	—	37¼	19⅝	12,781	2.8
Bankers NY		49⅛xd	—	49⅜	28⅞	3,862	4.5
Bell Atlantic		38¼	+⅛	38¼	23⅛	16,998	4.7
BellSouth		38¼	+⅛	38¼	25	18,881	5.0
Bethlehem Steel	♥	13½xd	–⅛	13¾	5⅞	1,221	–
Bowater		1518pxd	–4	1682p	905p	898.4	5.4
CPC	h	32⅝xd	–⅛	34	22⅛	4,941	2.5
Cadiz Land Inc	♥	116p	—	342p	108p	–	–
California Engy		1420p	—	1420p	691p	258.5	–
Chase Manhattan		21½xd	–⅜	22¼	9⅛	3,303	3.8
Chrysler		28⅜xd	–⅛	28⅝	8¼	8,254	1.5
Citicorp		18⅛xd	+⅛	18½	5⅞	6,671	–
Colgate-Palm		41½xd	–½	43⅞	25¼	6,628	2.1
Cont'l Bank		1880p	–2	1891p	499p	1,686	2.5
Dana		33½xd	–¼	34⅞	14⅞	1,539	3.3
Data General		812p	–2	1004p	384p	224.1	–
Decora Inds	♥	148p	—	148p	68p	–	–
Dun & Brad		40½	+⅛	40⅝	27⅞	7,215	3.9
Eaton		68¼	—	68⅞	32½	2,810	2.6
Echlin		18½xd	+¼	18⅞	7⅞	1,060	2.6
FPL		27⅛xd	+⅛	27⅛	17⅞	4,927	6.3
Ford Motor		34⅞	–1	35⅞	15	16,992	2.0
Gen Elect		60⅛xd	–⅞	61¼	36¾	61,285	2.9
General Host	♥	723p	—	723p	360p	–	3.4
Gillette		38⅞xd	–⅞	40	23⅞	8,801	1.3
Hasbro		20⅞	—	23½	12⅞	1,815	0.7
Honeywell	h	24⅛	+¼	24⅞	16	3,316	2.5
Houston Inds		32¼	+½	33¼	22	4,386	6.2
IBM		39⅞xd	–⅜	54½	29⅞	20,489	4.1
Ingersoll-Rand		24½xd	–⅜	25	12⅞	2,688	3.0
Lockheed		42¼	+⅜	42½	22⅞	2,592	3.5
Lowe's	h	1898p	–43	2102p	815½p	1,498	1.0
Merrill Lynch		48⅜xd	–1⅜	49¾	24⅞	4,733	1.8
Morgan (JP)		44⅜xd	–⅞	44⅞	28⅞	8,436	3.7
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

Tilon	[illegible]
Travis Perkins	[illegible]
Tudor	[illegible]
Unigroup	[illegible]
Waterhouse	[illegible]
Wickes	[illegible]
Wolseley	[illegible]

BUSINESS SERVICES

ADT $	[illegible]
Adams & Harvey	[illegible]
Air London	[illegible]
African Lakes	[illegible]
Auto'ted Sec	[illegible]
BET	[illegible]
BNB Res	[illegible]
BPP	[illegible]
Barbour Inds	[illegible]
Boustead	[illegible]
Bridgend	[illegible]
Brit Data Ma	[illegible]
Brooks Serv	[illegible]
CRT	[illegible]
Capita	[illegible]
Caskel	[illegible]
Chiltern Cap	[illegible]
Christie Gro	[illegible]
Chubb Secu	[illegible]
Comac	[illegible]
Corp Servs	[illegible]
Dart	[illegible]
Davis Servic	[illegible]
EW Facl	[illegible]
Gardiner	[illegible]
Gardner DC	[illegible]
Hays	[illegible]
Hogg Robins	[illegible]
[illegible]	[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap £m	Yld Gr's
Glencar Expl IE	‡‡	7	—	16	6	1.29	–
Greenwich Res	□	9½	+¼	11	2	7.32	–
Hessio Gold CS		£4⅛	-⅛	£5¼	£3½	421.8	2.3
Ivernia West IE	‡‡□	45	+3	53	30	22.6	–
Kells Minis IE	‡‡	6	—	42	6	8.14	–
Kenmare	※□	7¼	-¼	8	2¼	6.95	–
Malinga Res.		22½	+2	48	8	2.48	–
Nevan Res IE	♣	34	—	34	16	4.58	–
5pc Ln Notes		28	—	30½	25	5.09	–
Oryx Gold		58½	—	103	48¼	–	–
Plateau		3?	—	13	3	1.37	–
RTZ	□	663	+2	688	459	6,649	3.9
Vizcaya	※□	4	+¼	4	1	2.14	–

INVESTMENT COMPANIES

METALS & METAL FORMING

TEXTILES

PROPERTY

MISCELLANEOUS

OTHER FINANCIAL

TRANSPORT

MEDIA

WATER

OTHER INDUSTRIALS

STORES

SOUTH AFRICANS

MOTORS

PLANTATIONS

PACKAGING, PAPER & PRINTING

MINES

OIL & GAS

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
φ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below
※ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT8419. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

FT Cityline

Real time share prices and other stock market information is available through the FT Cityline International telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline For further details call (071) 925 2128

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gros
Life Funds				
Balanced Gwth Mngd	675 0	718.1	(z)	-
Adventurous Mngd	169 1	179.9	(z)	-
Cautious Mngd	128.8	137 1	(z)	-
Cash Fd.	317 7	334 8	(z)	-
Property Fund	216.7	230.6	(z)	-
Equity Fund	795 1	845 9	(z)	-
Fxd. Int. Fund	415.3	437 7	(z)	-
International	354 4	377 1	(z)	-
High Income	596 9	635 1	(z)	-
Far East	477.3	507 8	(z)	-
North American	488 9	520.2	(z)	-
Special Sits	549.9	585.1	(z)	-
Technology	482 2	513.0	(z)	-
Extra Inc Fd	325 8	346 6	(z)	-
Convertible & Gilt Fd	159 4	169 6	(z)	-
American Income	195 8	208.3	(z)	-
Gilt Fund 20	445.2	473.7	(z)	-
European Fund	126 9	135 0	(z)	-
Pref & Fixed Int	113.3	120 6	(z)	-
UK Blue Chip	117.2	123 6	(z)	-
Recovery Fund	116.0	122.3	(z)	-
Equity Income Dist	109.4	116 4	(z)	4 88
Managed Dist	103 6	110.3	(z)	5.60
High Yield Dist	105 1	110 8	(z)	8 35
Pension Funds				
Balncd Gth Mngd Pens Acc	798 6	840 7	(z)	-
Adventurous Mngd Pens Acc	180 0	189.5	(z)	-
Cautious Mngd Pens Acc	149 4	157 3	(z)	-
Building Soc Acc	366.6	385 9	(z)	-
Property Pens Acc	295.4	311.0	(z)	-
Fix Int Pens Acc	655 7	690 3	(z)	-
Equity Pens Acc	1042 0	1096 9	(z)	-
International Pens Acc	332.6	350 2	(z)	-
High Inc Pens Acc	673 5	709 0	(z)	-
Tech Pens Acc	342.0	360 1	(z)	-
N American Pens Acc	378 5	398.5	(z)	-
Far Eastern Pens Acc	489 1	514 9	(z)	-
Special Sits Pens Acc	453 7	477 6	(z)	-
Extra Income Pens Fd	400 9	422.1	(z)	-
Convertible & Gilt Pen	194 0	204.3	(z)	-
American Inc Pens	228.3	240 4	(z)	-
European Pens	142.1	149 6	(z)	-
Managed Cash Pens	172.7	181.8	(z)	-
Pref & Fixed Pens	131 9	138 9	(z)	-
UK Blue Chip	124 6	131.2	(z)	-
Recovery Fund	124 9	131.5	(z)	-
Deferred With Profits Pens	108 9	114 7	(z)	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent. 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gros
Deposit Acc Fd	169 0	177 9		-
Equity Acc Fd	408.1	429 6	+1.3	-
Managed Acc Fd	359 7	378 6		-
Prop Fd (1st Issue)	-	646.5		-
Prop Acc Fd (2nd Iss)	124.9	131 5		-
Unit Trust Mn. Fd	179 0	188 4		-
RL Pension Funds				
Deposit Acc	245 7	258 6	+0 1	-
Equity Acc	305.5	321.6	+1.3	-
Fixed Int Acc	250.3	283.5		-
Gilt Indx Lnk Acc	189.5	199 5		-
Managed Acc	405.9	427.3		-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone 0285 640302 Helpline 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gros
Life Funds				
JRA/M&G Managed	118.0	124.3		-
JRA/Scottish Amicable Mngd	113.7	119 7	-0 10	-
JRA/St James's Place Mngd	121.9	128.4	+0.20	-
Deposit	100 4	105 7		-
Far East	123.5	130.0	+0.60	-
Gilts	109 4	113.1	+1 60	-
Greater European	117.2	123.4	-0.30	-
North American	140.4	147 8	-0 90	-
UK Equity	118.0	124.3	-0.50	-
Pension Funds				
JRA/M&G Managed cap	116.7	122 9		-
JRA/M&G Managed acc	121.0	127 4		-
JRA/Scottish Amicable Mngd cap	113.0	119.0	-0.30	-
JRA/Scottish Amicable Mngd acc	117.2	123 4	-0.30	-
JRA/St James's Pl Mngd cap	127.0	133.7		-
JRA/St James's Pl Mngd Acc	131.7	138.7	+0.10	-
Deposit cap	100 2	105.5	-0 10	-
Deposit acc	104.0	109 5		-
Far East cap	121.1	127.5	+0.70	-
Far East acc	125.5	132.2	+0.70	-
Gilts cap	105.1	110.7	+1.50	-
Gilts acc	109.0	114 8	+1.60	-
Greater European cap	119.6	125 9	-0.60	-
Greater European acc	124.0	130 6	-0.50	-
North American cap	140.2	147 6	-1.10	-
North American acc	145.3	153.0	-1.20	-
UK Equity cap	128.0	134.3	-0 60	-
UK Equity acc	122.4	128.9	-0 60	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Gross
John Govett Management (IoM) Ltd				
DB-Govett Cur NAV Feb 12		$15.12	—	—
Paragon Plus Red Feb 1		£9.85	—	—
Paragon Stlg Red Feb 1		£11.33	—	—
SE Asian Wnt NAV Feb 11		$9.75	—	—
Govett Mngd Fnrs Feb 12	£13.64	14.92	—	—
Govett Mngd Fnrs Feb 12	$9.64	10.55	—	—
Max Horizons Inv Feb 11		$14.96	—	—
Max Horizons Inv Wnts Feb 11		$7.15	—	—
DB-Govett Bd Feb 12		$7.26	—	—
IBI Global Funds Limited				
Intl Stlg Gwth	£21.75	22.91	—	—
Intl $US Gwth	$18.14	19.10	—	—
High Income Gilt	£26.49	27.47	—	—
International Equity	£22.46	23.65	—	—
International Bond	£24.25	25.14	—	—
Managed Currency	£28.06	28.95	—	—
Sterling Currency	£26.79	27.07	—	—
US$ Currency	$37.87	38.26	—	—
Irish £ Currency	I£15.81	15.98	—	—
R & H Fund Managers Ltd				
LFM Sterling Fd.	£11.18	11.66	—	—
R.F. Offshore Inc Fd Ltd.	£12.44	12.97	—	—
IMC Offshore Fd.	£10.01	10.84	—	—
Nelson Milton W/W S$	£11.49	11.73	—	—

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		16-22.5846	22.9917	—	—
Managed Capital Bd	5		16-22.3834	22.3186	—	—
AIB Grofund Currency Fund Limited						
Stlg Mngd Currency	5		£-11.1063		—	—
Sterling Currency Fd	5		£-10.6566		—	—
Ecu Currency	5		Ecu-11.0749		—	—
US Dollar Mngd Curr	5		$-21.6944		—	—
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	£1.021	1.027	1.098		1.4
Global Income (Inc)	5¼	£0.559	0.559	0.598		2.9
Global Resources	5¼	£0.456	0.462	0.494		0.2
Currency Funds						
Stlg Premium Income		£10.14		10.15		6.1
Sterling			£-	25.76	+0.02	5.7
US Dollar			$-	32.56	+0.01	2.8
Deutschemark			DM-	61.40	+0.04	7.4

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust Worldlin Port.	£2.623	2.761	—	1.21
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£10.09	10.13	+0.14	9.28
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Feb 11	$13.79	14.08	—	2.84
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	53.6	57.00	—	7.25
UK Equity Fd (z)	225.6	240.0	-0.01	2.67
*Intl Bond Fd.	100.8	104.0	—	6.11
*Sterling Mngd Asset Fd.	556.3	586.0	—	4.60
*Sub. day every Thurs.				
NatWest TrustCur Currency Fund Ltd				
Dollar Class		$38.3322	-0.0009	—
Sterling Class		£27.2122	+0.0048	—
D-Mark Class		DM84.6807	+0.0178	—
Japanese Yen Class		Y8000.0961	+0.7641	—
Ashburton Replica Portfolio Ltd				
Ashburton Replica P'folio Ltd £	11.79	12.26	—	—
Ashburton Replica P'folio Ltd $	$10.70	11.12	—	—
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Feb 2	$35.92	38.21	—	—
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd.	$3.7102	3.9429	—	—
Offshore Japanese Gwth Fd.	$0.9463	1.0057	—	—
Offshore Am Gwth Fd.	$6.8032	7.2298	—	—
Offshore Emerging Cos.	$4.1431	4.4029	—	—
O'shore European Fd.	$1.5566	1.6542	—	—
Offshore Global Bond	$0.9761	1.0168	—	—
Offshore Global Bond Acc.	$0.9761	1.0168	—	—
Offshore Far Estrn Fd.	$2.4735	2.6388	—	—
Offshore UK Growth Fd.	$1.9697	2.0933	—	—
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Feb 5		$4.26	—	—
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£15.69	15.87	—	1.43
LFM Defensive Strtgy	£11.68	12.29	—	—
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (z)†	99.40	99.40	-1.00	6.87
Internationl Bond (z)†	$1.123	1.135	+0.002	5.29
†Prices on Feb 10. Next dealing Feb 17.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£36.8884	—	6.43
US $		$48.8946	—	1.89
D-Mark		DM84.3239	—	7.56
Swiss franc		SFr78.0408	—	4.17
Yen		Y5179.55	—	2.59

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Quiet day for dollar

A NATIONAL holiday in the US and anticipation of President Clinton's evening fireside address resulted in quiet European trading, *writes Emma Tucker*.

The pound drifted gently lower in the morning, "treading water" as one analyst put it, before today's figures for December manufacturing output, and public sector borrowing in January.

Recent declarations from Mr Eddie George, governor designate of the Bank of England, that the authorities are not considering an early rate cut appear to have convinced the market, at least for the time being. But analysts said another bad set of economic data, and further falls in inflation, could soon change sentiment.

"It is almost unprecedented to engineer economic recovery with real interest rates at about 4 per cent," said Mr Avinash Persaud, currency economist at UBS Phillips & Drew. "The comments over the weekend have dampened expectations of an imminent rate cut, but were we to see unemployment rising sharply this month or next month those comments would soon be forgotten."

Sterling received a lift late in the afternoon after the government said it intended to press on and ratify the Maastricht Treaty even if an opposition Labour Party amendment aimed at restoring the Social Chapter wins Parliamentary approval. There had been fears in the market that the government would drop the Treaty altogether if the amendment was passed. The pound closed down half a pfennig from Friday's close at DM2.3525.

The dollar traded in a very narrow range with the market waiting for President Clinton to flesh out his administration's policies in the State of the Union address tomorrow.

In late European trading the US currency was quoted at DM1.6600 moving within a half pfennig range. It closed at DM1.6590 against Friday's close of DM1.6625.

Currencies in the European exchange rate mechanism were also locked into a narrow range with the peseta, the strongest currency in the grid, only 2.7 per cent above the system's weakest currency, the French franc. The Spanish currency continued the gentle weakening that started at the end of last week to close at 71.40 per D-Mark compared with 71.16 on Friday.

The D-Mark rose against an increasingly beleaguered Swiss franc. The German currency reached its highest level at the Frankfurt fixing against the Swiss franc for 12 years, boosted by interest rate differentials favouring the D-Mark and pessimism about Switzerland's isolated position.

The D-Mark was fixed at 107.41 per 100 Swiss francs, its highest level since June 30, 1980, according to Bundesbank data.

"The negative feeling about the Swiss franc has been growing," said one trader. "There is a feeling that the isolationism is getting it into trouble."

£ IN NEW YORK

Feb 12	Close	Previous Close
£ Spot	1.4200-1.4210	1.4170 1.4180
1 month	0.35-0.34pm	0.36 0.35pm
3 months	1.03-1.02pm	1.05 1.02pm
12 months	2.70-2.60pm	2.76 2.66pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Feb 15	Previous
8.30	am	76.0	75.7
9.00	am	76.0	75.7
10.00	am	76.0	75.7
11.00	am	76.0	75.7
Noon		75.9	75.9
1.00	pm	75.9	76.3
2.00	pm	76.0	76.3
3.00	pm	76.0	76.1
4.00	pm	76.1	76.2

CURRENCY RATES

Feb 15	Bank & rate %	Special * Drawing Rights	European † Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	11.50	8.65526	7.44796
D-Mark	8.00	2.25664	1.94280
Dutch Guilder	7.50	2.53757	2.18726
French Franc	10	7.63393	6.57280
Italian Lira	11.50	2109.27	1815.97
Japanese Yen	2.50	164.699	141.899
Norway Krone	–	9.59513	8.26166
Spanish Peseta	–	161.016	138.797
Swedish Krona	11.50	10.1934	8.79788
Swiss Franc	5.50	2.09125	1.80746
Greek Drach	19	N/A	260.196
Irish Punt	–	N/A	0.797810

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.12

CURRENCY MOVEMENTS

Feb 15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	76.1	-33.27
U.S Dollar	67.1	-10.60
Canadian Dollar	97.0	-5.65
Austrian Schilling	115.1	+16.88
Belgian Franc	115.8	+1.73
Danish Krone	119.0	+12.42
D-Mark	125.4	+31.84
Swiss Franc	109.0	+17.18
Dutch Guilder	119.5	+21.05
French Franc	110.2	-6.67
Lira	81.4	-33.62
Yen	159.5	+96.12
Peseta	99.1	-24.57

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.12

OTHER CURRENCIES

Feb 15	£	$
Argentina	1.4150 - 1.4175	0.9990 - 1.0000
Australia	2.0905 - 2.0925	1.4765 - 1.4775
Brazil	25708.8 - 25728.4	18156.0 - 18157.0
Finland	8.3625 - 8.4395	5.9000 - 5.9300
Greece	310.950 - 317.200	219.690 - 224.080
Hong Kong	10.9400 - 10.9520	7.7330 - 7.7350
Iran	2200.00*	1485.00*
Korea(Sth)	1121.75 - 1139.80	793.50 - 799.70
Kuwait	0.43750 - 0.43850	0.30900 - 0.30950
Luxembourg	48.40 - 48.50	34.15 - 34.25
Malaysia	3.7240 - 3.7340	2.6315 - 2.6345
Mexico	4.3805 - 4.3830	3.0945 - 3.0965
N Zealand	2.7595 - 2.7640	1.9495 - 1.9525
Saudi Ar	5.3055 - 5.3165	3.7495 - 3.7505
Singapore	2.3310 - 2.3370	1.6480 - 1.6500
S Af (Cm)	4.4360 - 4.4480	3.1390 - 3.1410
S Af (Fn)	6.4620 - 6.4760	4.5650 - 4.5750
Taiwan	36.65 - 36.80	25.90 - 26.00
U.A.E.	5.1915 - 5.2075	3.6715 - 3.6735

*Floating rate. Iran Official rate:£98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.797	-2.36	2.77	41
Portuguese Escudo	180.624	177.269	-1.86	2.25	31
Irish Punt	0.809996	0.797810	-1.50	1.88	60
Dutch Guilder	2.20045	2.18726	-0.60	0.96	21
Belgian Franc	40.2802	40.0731	-0.51	0.87	17
D-Mark	1.95294	1.94280	-0.52	0.87	23
Danish Krone	7.44934	7.44796	-0.02	0.37	-7
French Franc	6.54988	6.57280	0.35	0.00	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4080 - 1.4235	1.4175 - 1.4185	0.36-0.34cpm	2.96	1.04-1.01pm	2.89
Canada	1.7670 - 1.7850	1.7775 - 1.7785	0.07-parcpm	0.24	0.13-0.01pm	0.16
Netherlands	2.6285 - 2.6525	2.6425 - 2.6525	¼-½cdis	-1.70	1⅛-1⅜dis	-1.89
Belgium	47.95 - 48.50	48.40 - 48.50	11-16cdis	-3.34	32-39dis	-2.93
Denmark	8.9640 - 9.0200	9.0100 - 9.0200	11½-15⅞oredis	-18.22	26¼-32dis	-13.03
Ireland	0.9645 - 0.9665	0.9655 - 0.9665	0.85-0.67cpm	9.44	2.13-1.86pm	8.26
Germany	2.3405 - 2.3595	2.3500 - 2.3550	¼-½pfdis	-2.23	1⅛-1⅜dis	-2.13
Portugal	214.05 - 215.05	214.05 - 215.05	87-133cdis	-6.15	321-397dis	-6.69
Spain	166.85 - 168.45	167.85 - 168.15	87-99cdis	-6.64	278-304dis	-6.93
Italy	2175.30 - 2200.25	2199.25 - 2200.25	7-10liredis	-4.64	25-28dis	-4.82
Norway	9.9100 - 10.0050	9.9950 - 10.0050	1⅝-2⅞oredis	-2.70	6¼-7¼dis	-2.88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.71-1.66pm. 12 Month 2.63-2.53pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4080 - 1.4235	1.4175 - 1.4185	0.36-0.34cpm	2.96	1.04-1.01pm	2.89
Ireland†	1.4620 - 1.4695	1.4675 - 1.4685	1.55-1.35cpm	11.85	4.10-3.70pm	10.63
Canada	1.2525 - 1.2565	1.2530 - 1.2540	0.27-0.30cdis	-2.73	0.84-0.90dis	-2.78
Netherlands	1.8635 - 1.8725	1.8670 - 1.8680	0.75-0.78cdis	-4.92	2.23-2.28dis	-4.83
Belgium	34.15 - 34.25	34.15 - 34.25	17.00-20.00cdis	-6.49	48.00-53.00dis	-5.91
Denmark	6.3425 - 6.3735	6.3550 - 6.3600	9.00-14.00oredis	-21.71	23.00-29.00dis	-16.36
Germany	1.6535 - 1.6645	1.6585 - 1.6595	0.71-0.73pfdis	-5.21	2.10-2.13dis	-5.10
Portugal	151.30 - 151.55	151.35 - 151.45	116-120cdis	-9.35	365-375dis	-9.78
Spain	118.35 - 118.75	118.50 - 118.60	92-98cdis	-9.62	285-299dis	-9.85
Italy	1541.30 - 1552.80	1551.00 - 1551.50	9.40-10.11liredis	-7.54	30.00-31.00dis	-7.86
Norway	7.0480 - 7.0605	7.0500 - 7.0550	3.00-3.60oredis	-5.62	9.80-10.70dis	-5.81
France	5.5920 - 5.6285	5.6075 - 5.6125	3.80-4.00cdis	-8.34	11.90-12.20dis	-8.59
Sweden	7.4730 - 7.5285	7.5200 - 7.5250	3.60-4.20oredis	-6.22	10.80-11.80dis	-6.01
Japan	120.40 - 121.35	120.85 - 120.95	par-0.01ydis	-0.05	0.05-0.04pm	0.15
Austria	11.6660 - 11.6900	11.6680 - 11.6730	4.25-4.60grodis	-4.55	12.75-13.85dis	-4.56
Switzerland	1.5350 - 1.5495	1.5410 - 1.5420	0.31-0.34cdis	-2.53	0.91-0.96dis	-2.43
Ecu†	1.1695 - 1.1740	1.1730 - 1.1740	0.59-0.58cpm	5.98	1.83-1.80pm	6.19

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6 - 5¾	6⅛ - 6	6⅜ - 6¼	6⅜ - 6¼	5⅞ - 5¾	5¾ - 5⅝
US Dollar	3¼ - 3⅛	3⅛ - 3⅛	3⅛ - 3	3¼ - 3⅛	3⅜ - 3¼	3¾ - 3⅝
Can. Dollar	6 - 5¾	6⅛ - 6	5⅞ - 5⅞	6 - 5⅞	6⅛ - 6⅛	6½ - 6⅜
Dutch Guilder	8⅞ - 8⅝	8⅞ - 8⅝	8⅝ - 8½	8¼ - 8	7⅝ - 7½	7¼ - 7⅛
Swiss Franc	6¼ - 6⅛	6¼ - 6	5⅞ - 5⅝	5⅞ - 5⅝	5½ - 5⅜	5¼ - 5⅛
D-Mark	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8¾	8⅞ - 8¾	8 - 7⅞	7⅝ - 7½
French Franc	11½ - 11⅛	11½ - 11⅛	11⅞ - 11⅝	11⅞ - 11⅝	11⅛ - 10⅞	9⅝ - 9⅜
Italian Lira	13 - 11	11½ - 11	11⅛ - 11	11⅛ - 11	11⅛ - 10⅞	11⅛ - 10⅞
Belgian Franc	9⅛ - 9⅛	9⅛ - 9⅛	9⅝ - 9⅛	9⅛ - 9⅛	8⅝ - 8½	8⅛ - 8
Yen	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼
Danish Krone	16 - 14	20 - 15	21 - 17	19½ - 18	15 - 14	12½ - 11½
Asian $Sing	4 - 3	4 - 3	3½ - 2½	3¼ - 2¼	3⅛ - 2⅛	4 - 3
Spanish Peseta	13⅞ - 13⅝	13⅞ - 13⅝	13⅞ - 13⅝	13⅛ - 13⅛	13 - 12⅞	13 - 12⅞
Portuguese Esc	13 - 12⅛	13⅛ - 12⅞	13⅞ - 13⅝	13⅞ - 13⅜	13⅜ - 13	13⅛ - 12⅞

Long term Eurodollars: two years 4⅜-4¼ per cent; three years 5⅛-4⅞ per cent; four years 5½-5¼ per cent; five years 5⅞-5⅝ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.15	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.418	2.353	171.5	7.955	2.185	2.648	2200.	1.778	48.45	168.0	1.211
$	0.705	1	1.659	120.9	5.610	1.541	1.867	1551	1.254	34.17	118.5	0.854
DM	0.425	0.603	1	72.89	3.381	0.929	1.125	935.0	0.756	20.59	71.40	0.515
YEN	5.831	8.268	13.72	1000.	46.38	12.74	15.44	12828	10.37	282.5	979.6	7.061
F Fr.	1.257	1.783	2.958	215.6	10.	2.747	3.329	2766	2.235	60.91	211.2	1.522
S Fr.	0.458	0.649	1.077	78.49	3.641	1	1.212	1007	0.814	22.17	76.89	0.554
N Fl.	0.378	0.535	0.889	64.77	3.004	0.825	1	830.8	0.671	18.30	63.44	0.457
Lira	0.455	0.645	1.070	77.95	3.616	0.993	1.204	1000.	0.808	22.02	76.36	0.550
C$	0.562	0.798	1.323	96.46	4.474	1.229	1.489	1237	1	27.25	94.49	0.681
B Fr.	2.064	2.927	4.857	354.0	16.42	4.510	5.465	4541	3.670	100.	346.7	2.499
Pta	0.595	0.844	1.401	102.1	4.735	1.301	1.576	1310	1.058	28.84	100.	0.721
Ecu	0.826	1.171	1.943	141.6	6.569	1.804	2.187	1817	1.468	40.01	138.7	1.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE EURO SWISS FRANC OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	91.92	91.96	91.90	91.98
Jun	92.79	92.88	92.79	92.90
Sep	93.41	93.47	93.40	93.49
Dec	93.73	93.76	93.72	93.77
Mar	94.04	94.08	94.04	94.08
Jun	94.10	94.11	94.09	94.12

Estimated volume 50827 (45124)
Previous day's open int. 465721 (470124)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	90.56	90.59	90.54	90.57
Jun	91.51	91.54	91.50	91.54
Sep	92.31	92.34	92.31	92.34
Dec	92.69			92.70

Estimated volume 540 (1175)
Previous day's open int. 16296 (16523)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	94.41	94.57	94.40	94.61
Jun	94.95	95.05	94.94	95.10
Sep	95.25	95.26	95.23	95.35
Dec	95.34	95.37	95.30	95.46

Estimated volume 10592 (3681)
Previous day's open int. 48036 (48514)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Mar	88.87	88.98	88.86	88.86
Jun	89.53	89.63	89.50	89.53
Sep	89.78	89.88	89.79	89.73
Dec	89.83	89.92	89.80	89.78

Estimated volume 2241 (2174)
Previous day's open int. 30065 (29284)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2846.0	2860.0	2832.0	2847.0
Jun	2859.5	2867.0	2858.0	2860.5
Sep	2876.5			2877.0

Estimated volume 5182 (14009)
Previous day's open int. 53137 (54436)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% February 12
$100,000 32nds of 100%

	Close	High	Low	Prev
Mar	107-31	108-11	107-26	107-26
Jun	106-23	107-03	106-19	106-18
Sep	105-16	105-27	105-13	105-11
Dec	104-11	104-11	104-08	104-06
Mar	103-10	103-18	103-08	103-05
Jun	102-11	102-11	102-08	102-06
Sep	101-14	101-14	-	101-09
Dec	100-20	100-20	-	100-15
Mar	99-28	-	-	99-23
Jun	99-07	-	-	99-02

U.S. TREASURY BILLS (IMM) February 12
$1m points of 100%

	Close	High	Low	Prev.
Mar	97.04	97.07	97.03	97.05
Jun	96.88	96.91	96.86	96.89
Sep	96.59	96.63	96.57	96.60
Dec	96.20	96.23	96.20	96.19

BRITISH POUND (IMM) February 12
$ per £

	Close	High	Low	Prev.
Mar	1.4118	1.4260	1.4050	1.4152
Jun	1.4030	1.4184	1.4020	1.4060
Sep	1.3970	1.4110	1.3980	1.3994

SWISS FRANC (IMM) February 12
SFr 125,000 $ per SFr

	Close	High	Low	Prev
Mar	0.6463	0.6555	0.6457	0.6502
Jun	0.6431	0.6519	0.6267	0.6470
Sep	0.6411	0.6480	0.6297	0.6447

JAPANESE YEN (IMM) February 12
Y12.5m $ per Y100

	Close	High	Low	Prev.
Mar	0.8289	0.8326	0.8256	0.8364
Jun	0.8291	0.8321	0.8267	0.8265
Sep	0.8299	0.8312	0.8297	0.8272

DEUTSCHE MARK (IMM) February 12
DM125,000 $ per DM

	Close	High	Low	Prev.
Mar	0.5924	0.6061	0.5986	0.6006
Jun	0.5918	0.5988	0.5917	0.5935
Sep	0.5865	0.5926	0.5867	0.5882
Dec	0.5824	0.5860	0.5830	0.5841

THREE-MONTH EURODOLLAR (IMM) February 12
$1m points of 100%

	Close	High	Low	Prev
Mar	96.68	96.71	96.66	96.68
Jun	96.49	96.55	96.47	96.50
Sep	96.18	96.25	96.15	96.18
Dec	95.64	95.71	95.60	95.63
Mar	95.40	95.47	95.36	95.40
Jun	95.01	95.08	94.97	95.01
Sep	94.69	94.76	94.65	94.69
Dec	94.27	94.33	94.24	94.27

STANDARD & POORS 500 INDEX February 12
$500 times index

	Close	High	Low	Prev.
Mar	444.60	448.05	444.60	448.05
Jun	445.45	448.50	445.00	448.55
Sep	445.90	448.90	445.90	449.05
Dec	-	-	-	450.00

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1) February 12

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.375	4.35	4.73	5.45	6.14	-	0.64	1.65	2.89
1.400	1.92	2.91	2.60	4.67	-	1.37	2.60	3.98
1.425	-	1.63	2.54	3.48	0.51	2.57	3.85	5.34
1.450	-	0.82	1.68	2.59	2.96	4.21	5.46	6.90
1.475	-	0.40	1.03	1.84	5.46	6.23	7.31	8.61
1.500	-	0.11	0.59	1.27	7.90	8.44	9.32	10.49
1.525	-	0.04	0.31	0.85	10.40	10.82	11.53	12.55

Previous day's open int. Calls 610,612 Puts 587,678 (All currencies)
Previous day's volume: Calls 17,378 Puts 35,574 (All currencies)

PARIS

[illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4180	1.4145	1.4077	1.4011	1.3922

BASE LENDING RATES

[illegible]

MONEY MARKETS

Sterling futures fall

THERE WAS little activity on the UK money markets as the high spirits of Friday, when inflation fell to record lows, wore off.

Traders said the market had over reacted and was now absorbing Friday's comments from both Mr Eddie George, governor designate of the Bank of England, and Mr Norman Lamont, the chancellor, that the authorities do not intend to cut rates in the near future.

Although the market has recently been sceptical about statements of intent from the government, one trader said Mr Lamont's apparent desire to safeguard the exchange rate did appear to be "sinking in".

Short sterling futures drifted lower in the morning with the realisation that Friday's euphoria was "premature". The March contract dropped 11 basis points from Friday's close to 94.09 with traders reporting that the market was also concerned about sterling's weakness on the foreign exchange markets.

Movement in interbank rates was less pronounced than in the futures market. This was partly because the Bank of England's forecast shortage was much smaller than expected.

"Cash rates would have gone up further if it hadn't been for the small size of the shortage. In fact there was no great pressure upwards on rates and that is why futures have reacted worse than cash rates," said one dealer.

The Bank of England forecast a shortage of £800m in the morning and purchased bills totalling £300m for resale to the market on March 11 and 12 at a rate of 5$\frac{31}{32}$ per cent in the early round. The forecast was revised to a shortage of around £750m later following which the bank bought a further £244m of bills.

The Bank all but cleared the shortage in the afternoon by purchasing a further £72m of bills and offering late assistance of £105m.

In Germany, a sharper than expected rise in the wholesale prices index pushed Euromark futures down as prospects for early monetary easing receded. Wholesale prices in former West Germany rose 0.7 per cent in January from the previous month against market expectations of a 0.1 per cent month-on-month increase.

Futures were also depressed by comments late last week from Helmut Schlesinger, president of the Bundesbank, suggesting that a rate cut in Germany was unlikely this week. The March Euromark contract slipped about 6 basis points to 91.92.

Generally, however, the market was on hold before today's regular Bundesbank repo pact.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.15)	3 months US dollars		6 months US dollars	
	bid 3¼	offer 3⅜	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm February 12

Prime rate	6	One month	2.75
Broker loan rate	5	Two month	2.92
Fed.funds	3	Three month	3.00
Fed.funds at intervention		Six month	3.19
		One year	3.49
		Two year	4.17
		Three year	4.69
		Five year	5.54
		7-year	5.97
		10-year	6.34
		30-year	7.12

Feb.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.65	8.45-8.60	8.35-8.50	8.25-8.40	7.85-8.00	9.00
Paris	11⅛-11¼	11¾-12⅛	-	[illegible]	[illegible]	9.10
Zurich	-	5½-5⅝	-	[illegible]	[illegible]	-
Amsterdam	8.31-8.43	8.22-8.32	-	[illegible]	[illegible]	-
Tokyo	3⅛-3⅜	3⅛-3⅜	-	[illegible]	[illegible]	-
Milan	11⅛-11⅜	11⅛-11⅜	-	[illegible]	[illegible]	-
Brussels	-	9⅞-10	-	[illegible]	[illegible]	-
Dublin	13-13½	15-16	14¼-14¾	[illegible]	[illegible]	-

LONDON MONEY RATES

Feb 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6⅜	6¼	6⅜	[illegible]	[illegible]	5¾
Interbank Bid	5¾	6	6⅛	[illegible]	[illegible]	5⅝
Sterling CDs	–	–	6⅜	[illegible]	[illegible]	5⅝
Local Authority Deps.	5⅞	6⅛	6⅛	[illegible]	[illegible]	5¾
Local Authority Bonds	–	–	–	[illegible]	[illegible]	–
Discount Mkt Deps	6½	6⅛	–	[illegible]	[illegible]	–
Company Deposits	–	–	–	[illegible]	[illegible]	–
Finance House Deposits	–	–	6¼	[illegible]	[illegible]	5⅞
Treasury Bills (Buy)	–	–	5¾	[illegible]	[illegible]	–
Bank Bills (Buy)	–	–	5$\frac{15}{16}$	[illegible]	[illegible]	–
Fine Trade Bills (Buy)	–	–	–	[illegible]	[illegible]	–
Dollar CDs	–	–	3.04	[illegible]	[illegible]	3.52
SDR Linked Dep. Offer	–	–	5½	[illegible]	[illegible]	5¾
SDR Linked Dep. Bid	–	–	5⅜	[illegible]	[illegible]	5
ECU Linked Dep. Offer	–	–	9¾	[illegible]	[illegible]	8¾
ECU Linked Dep. Bid	–	–	9½	[illegible]	[illegible]	8½

Treasury Bills (sell): one-month 5$\frac{11}{16}$ per cent; three months [illegible] per cent; Bank Bills (sell): one-month 5$\frac{13}{16}$ per cent; three months [illegible]; Average tender rate of discount 5.3316. ECGD Fixed Rate Sterling [illegible] 29, 1993. Agreed rates for period February 24, 1993 to [illegible] Schemes II & III: 8.20 p.c. Reference rate for period January [illegible] 29, 1993, Scheme IV&V: 7.0 p.c. Local Authority and Finance Houses seven days' fixed. Finance Houses Base Rate 7½ from February 1, 1993. [illegible] (Series 6); Deposit £100,000 and over held under one month 2¼ per cent; three-six months 5 per cent; six-nine months 4¾ per cent; [illegible] Under £100,000 2¼ per cent from Jan.27, 1993. Deposits withdrawn for cash 1¼ per cent.

PUBLIC NOTICE

MMC INQUIRY INTO THE CALIBRATION AND SERVICING OF EXHAUST GAS ANALYSERS

The Monopolies and Mergers Commission have been asked to investigate the supply in the United Kingdom of the service of calibrating and servicing gas analysers. These are used to analyse exhaust gas emissions in tests carried out under the Motor Vehicle (Tests) Regulations 1981. The Commission will examine agreements or practices restricting those from whom owners or users of gas analysers can obtain calibration or servicing, including conditions attached to manufacturers' guarantees. The Commission will investigate whether a complex monopoly situation exists as a result of such agreements and practices, and, if so, whether any matters arising from that situation operate or may be expected to operate against the public interest. The Commission will also investigate issues that may affect competition in this market such as the technical and procedural requirements for the servicing and calibration system, including the accreditation of operators.

Any person or organisation wishing to offer evidence in relation to this inquiry (or to obtain a copy of the terms of this reference) should write to: The Reference Secretary (Gas Analysers), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT, if possible by 19 March 1993.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

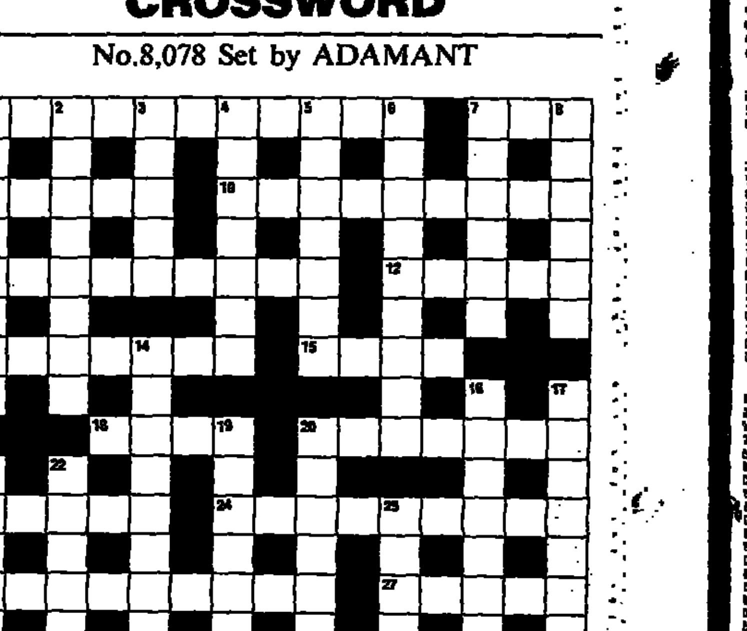
Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CROSSWORD

No.8,078 Set by ADAMANT



ACROSS
1 Seems put out when agitated (11)
7 Lay out the cups and saucers (3)
9 Caustic hand-out about credit (5)
10 Fighting weapon of a virago (6-3)
11 Joint with space to move around in? (5-4)
12 Doctor allowed back to the roadhouse (5)
13 Go with one in the money, got from growth (7)
15 Post requiring protective clothing (4)
18 Go round the east and take a look (4)
20 Can be followed by examination of political leader (7)
23 Gosh! I'd get in with lady whose partner was late (5)
24 Chews over the idea of redesigning a terminus (9)
26 Time the worker swallowed his blackcurrant and became a member of the group (9)
27 So taken with her new jumper, for example (5)
28 A dying call? (3)
29 "Diffident" carries the idea of comparative poverty (6,5)

DOWN
1 No business compromise (5-3)
2 At the last gasp found beef in the pile (8)
3 Leading engineers now drilling oil wells will provide permanent support (5)
4 Type of paper that will stick up for fallen idol (7)
5 Best to choose one, then keep quiet (7)
6 The serious business of making money it's left out (9)
7 Main music in rough dwelling (6)
8 The bet was pitched high (6)
14 Wore five out before steering to rout (9)
16 One found in somewhat erratic standards (8)
17 Upsets the fellow getting bad results (8)
19 Monument to a selling technique (7)
20 Very little time for words in France about people (7)
21 Devon and Cornwall with a desire for a changeover (6)
22 Appreciate how they are containing mid-off? (6)
25 Profit, we are told, from human error (5)

Solution to Puzzle No.8,077

```
STREAKER SPIGOT
P E I X C E R O
INCUR PLAINJANE
D T C A U C I H
EMIGRANTS IGLOO
R F A S E L L
 PIFFLE SUSPEND
A E T H A S
DIRECTS LIAISE
E A L U R T S
LAGER INCIPIENT
A U R G E E R O
ILLWISHER NADIR
D E E T N E A E
ENSURE BETRAYED
```

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close February 15

INDICES

NEW YORK

DOW JONES	Feb 12	Feb 11	Feb 10	Feb 9	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3392.43	3422.59	3412.42	3414.58	3442.14 (5/2/93)	3136.58 (9/10/92)	3442.14 (5/2/93)	41.22 (2/7/32)
Home Bonds	105.98	105.87	105.87	105.74	105.98 (13/2/93)	98.41 (20/3/92)	105.98 (12/2/93)	54.99 (1/10/81)
Transport	1578.94	1572.29	1558.17	1559.40	1589.81 (8/2/93)	1304.40 (26/8/92)	1589.81 (8/2/93)	12.32 (8/7/32)
Utilities	232.16	232.29	232.91	232.47	234.15 (4/2/93)	200.74 (8/4/92)	235.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3436.19 (3455.84) Low 3378.11 (3395.94) (Theoretical♦)
Day's High 3425.86 (3442.88) Low 3382.43 (3411.88) (Actual♦)

STANDARD AND POOR'S

	Feb 12	Feb 11	Feb 10	Feb 9	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	444.58	447.85	446.23	445.33	449.56 (4/2/93)	394.50 (8/4/92)	449.56 (4/2/93)	4.40 (1/6/32)
Industrials	513.10	517.12	515.16	514.23	518.43 (4/2/93)	470.91 (8/4/92)	518.43 (4/2/93)	3.62 (21/6/32)
Financial	43.09	43.51	43.50	43.51	44.32 (4/2/93)	32.40 (8/4/92)	44.32 (4/2/93)	8.64 (1/10/74)
NYSE Composite	245.30	248.72	245.93	245.54	247.98 (4/2/93)	217.92 (8/4/92)	247.98 (4/2/93)	4.46 (25/4/42)
Amex Mkt. Value	415.47	417.85	416.10	415.00	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	690.54	695.88	695.02	692.21	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Feb 5	Jan 29	Jan 22	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.13	3.18	2.97
	Feb 10	**Feb 3**	**Jan 27**	**year ago (approx.)**
S & P Industrial div. yield	2.47	2.46	2.51	2.54
S & P Indl. P/E ratio	27.36	27.44	26.96	25.61

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
RJR Nabisco	4,085,400	9⅞	+ ⅛
Gen Motors	3,340,600	40½	—
Student Loan	2,889,308	58½	- 4⅝
Am Express	2,528,900	24⅝	- ⅜
Merck	2,507,000	40½	- ⅛
ADV Micro	2,381,400	21⅞	+ ⅜
Day Pd	2,093,000	19¼	+ ⅝
Foundn Health	2,054,500	33⅝	- 5½
Wellpoint	1,837,400	32⅜	- 3
Cone Mills	1,821,000	18	—

TRADING ACTIVITY

† Volume (Millions)	Feb 12	Feb 11	Feb 10
New York SE	217.363	252.670	248.480
Amex	13.724	16.514	21.223
NASDAQ	214.801	235.774	259.409
NYSE			
Issues Traded	2,433	2,459	2,449
Rises	744	1,078	946
Falls	1,105	768	886
Unchanged	584	613	617
New Highs	104	86	79
New Lows	13	15	15

CANADA

TORONTO	Feb 12	Feb 11	Feb 10	Feb 9	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2931.90	2947.11	2950.35	2972.25	3238.67 (16/1/92)	2529.91 (17/11/92)
Composite	3445.55	3443.17	3442.89	3414.11	3669.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1789.49	1799.96	1788.86	1776.66	1937.38 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

TOKYO - Most Active Stocks

Monday, 15th February, 1993

	Stocks Traded	Closing Prices	Change on day
Nppn Steel Corp	5.2m	287	+4
Shizuoka Bank	4.9m	1,240	+40
Gajoen Kanko	3.6m	285	-15
Nichiei	3.0m	479	+35
Daikyo Kanko	2.2m	859	+20
Asahi Bank	2.0m	900	
Hitachi	2.0m	695	
Kobe Steel	1.9m	257	+5
Green Cross	1.8m	1,280	+30
Nissan Motor	1.8m	545	+8

EUROPE

Continent subdued in absence of Wall Street

WITH US markets closed activity on the Continent was restrained yesterday, *writes Our Markets Staff*.

FRANKFURT finished with the DAX index just 3.28 higher at 1,664.71, but from pre-market to post-bourse it moved in a 2 per cent range, and progressively higher.

Turnover fell from DM7bn to DM5.6bn as the DAX recovered from a fall to 1,650 in the pre-bourse, and as the German component of the FT-SE Eurotrack 100 index climbed higher in the afternoon.

The mood of the market was exemplified in the performance of Volkswagen, for which Mr Klaus-Jürgen Melzner, of DB Research, downgraded his 1992 dividend forecast to DM4 from last year's DM11, observing that he was looking to a loss, and no dividend, in 1993.

VW bottomed at DM288.50, recovered to close DM6.70 lower on DM291, and picked up another DM1.50 after hours. Among other blue chips, Allianz was quoted DM10 higher at DM2,230 and Schering rose DM11 to DM719.

Preussag, the engineering and steel group, rose by DM5.10 to DM379.20. In the same sector, Linde rose DM10.50 to DM788 and Deutsche Babcock by DM3 to DM159 on a DM240m order to build four 250 megawatt power plants outside of Beijing.

PARIS saw a strong rise in CGIP after trading in Carnaud Metalbox, in which it has a 25.3 per cent stake, was suspended before the start of business following an announcement by UK group, MB-Caradon, that it was to sell its own stake. CGIP improved FFr73 to FFr1,085.

The CAC-40 index closed 12.40 lower at 1,899.49 in turnover of some FFr2bn.

Peugeot gained FFr8 to FFr623 following its announcement of 1992 sales after Friday's close.

AMSTERDAM closed early because of technical problems, the CBS just 0.2 firmer at 99.1.

Before trading was halted Fokker stood 17 per cent higher on the day, up Fl 1.80 at Fl 12.30, on news after Friday's close that the Dutch government had accepted revised terms for the purchase of a 51 per cent stake in the group by Dasa.

KLM went against the trend with a Fl 1.40 loss to Fl 25.70 in low volume on domestic newspaper reports of financial difficulties at Northwest Airlines, even though the Dutch operator said earlier this month that it had written down the remaining book value of its 20 per cent stake in Wings Holdings, parent group of Northwest.

MILAN closed the February account with Fiat building on Friday's gains, assisted by early rumours, later denied, that Deutsche Bank was considering increasing its present 2.6 per cent stake in the car maker. Fiat fixed at L5,140, up L444, before easing to L5,080 on the kerb after the German bank said that it had no plans to lift its investment. The Comit index advanced 8.12 to 500.25.

STOCKHOLM remained firm with property stocks generally stronger after weekend reports that the sector will be a beneficiary of lower interest rates. Skanska improved SKr1 to SKr95 as the Affärsvärlden index put on 2.5 to 983.7 in turnover of some SKr1.1bn.

Astra was firm ahead of its 1992 results due next Monday while there was also speculation that it may announce a scrip issue or share split. The B shares rose SKr7 to SKr700.

OSLO fell back with some investors discouraged by the failure of the Opec meeting at the weekend to agree new oil production levels. The all-share index fell 3.70 to 403.68 in turnover of NKr425.8m. Norsk Hydro lost NKr1.50 to NKr165.

VIENNA cleared the 800 hurdle again, the ATX index rising 10.32 to 801.33 in a market which seemed short of stock. The day's winners included the cellulose fibre manufacturer, Lenzing, which rose Sch17 to Sch554, and Creditanstalt preferred, Sch15 up at Sch510.

ISTANBUL's market index hit a second consecutive two-year-high, closing 96.62, or 1.8 per cent higher at 5,341.46.

TEL AVIV closed sharply higher after the treasury and the central bank said that they will not intervene in the market. Private investors and provident funds were dominant as the blue chip index recouped 4.35, or 2.2 per cent to 202.69 in good volume of Shk254m.

FT-SE Actuaries Share Indices

February 15 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1131.51	1131.22	1131.33	1131.98	1132.33	1132.34	1133.10	1132.97
FT-SE Eurotrack 200	1183.46	1183.37	1183.59	1183.93	1183.55	1183.49	1183.92	1184.15

	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8
FT-SE Eurotrack 100	1129.97	1126.71	1121.50	1124.14	1131.12
FT-SE Eurotrack 200	1181.05	1175.45	1171.08	1177.40	1190.15

Base value 1000 (26/10/90) Highday: 100 - 1133.26, 200 - 1185.38 Lowday: 100 - 1131.05 200 - 1182.50.

WALL STREET was closed for President's Day.

Toronto went into limbo for the US holiday, share prices easing slightly in moderate trading. The TSE 300 index slipped 5.51 to 3,440.04 at midday, with volume dropping from 26.4m to 13.5m shares.

Real estate shares and conglomerates moved against the trend, with gains noted in Canadian Pacific and Trizec respectively.

SOUTH AFRICA

JOHANNESBURG eased as institutional interest remained muted after last week's strong gains, particularly in the gold sector. The stock market authorities said yesterday that turnover during the course of last week of some R763m, against R619m in the previous week, was the highest since August 1990. The overall index lost 18 to 3,474 and industrials shed 22 to 4,550. The golds index eased 3 to 961.

Chinese gamble pays off for investors

But foreign fund managers are troubled by currency problems, writes **Simon Davies**

Investors who gambled on the shaky foundations of China's latest experiment in capitalism have seen a drastic improvement in their fortunes in 1993.

Promises of positive intervention by the authorities have left the Standard Chartered B share indices for Shenzhen and Shanghai up 51 per cent and 47 per cent respectively since the start of the year.

Local investors had always shown a hearty disrespect for the fundamentals of equity investment, as was shown most clearly in August's Shenzhen riots over a government lottery for new issue shares. But the B shares, available to foreigners, have only recently begun to reflect the performance of their local counterparts.

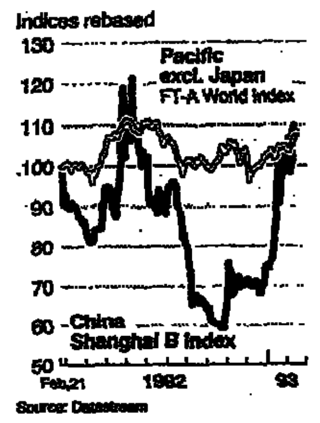
Main impetus for the latest rally has been external issues: these include the decision temporarily to ignore a ban on local buying of Shanghai B shares, and suggestions that Shenzhen shares will change from local currency settlement to US or Hong Kong dollars, thereby saving foreign institutions from the vagaries of China's currency swap centres.

As far as fundamentals are concerned, fund managers will soon get a genuine sense of what they have bought in China, when last year's flotations reveal the first sets of results as listed entities. Assuming no major shocks, the markets will still appear expensive.

Standard Chartered Securities estimates that the Shanghai B share market is trading on a 1993 price-earnings ratio of 17 times, while Shenzhen is on a p/e of 26. By comparison, Hong Kong is trading on an estimated 1993 p/e of 11.

Among the Chinese companies there are some attractively priced businesses profiting from booming consumer demand in Shanghai, or southern China; but most analysts believe the majority of stocks are overvalued.

The picture has not been improved by the rapid weakening of the Renminbi, the official currency. The RMB/US dollar swap rate has declined by



Source: Datastream

11.5 per cent so far in 1993, and a substantial devaluation in the official exchange rate is anticipated this year. This reduces foreign investors' profits, and makes Chinese stocks appear more expensive.

Given these circumstances, fund managers are increasingly tempted to look at cheaper opportunities for buying Chinese stocks in the more liquid and regulated markets of the US and Hong Kong.

The number of Chinese stocks in Hong Kong is set to increase drastically, as Beijing launches its first run of nine state industries on the Hong Kong market during 1993. These will definitely absorb much of the cash held by the growing numbers of China funds.

One positive factor this year will be the unleashing of the Hong Kong speculator on the hitherto protected B share market. Previously, all flotations have been issued through private placement to professional investors, due to Hong Kong restrictions. Shares have ended up in a few select hands, and secondary market turnover has tended to be limited.

However, Wardley Capital, the merchant banking arm of HSBC, has lodged the B share prospectus of Shanghai Outer Gaoqiao Free Trade Development – a Shanghai property developer – with the Hong Kong Companies registrar.

Approval seems certain, and this would allow the shares to be sold to Hong Kong investors as a public offer. This sets a trend for B share issuers to tap a market which recently led to the oversubscription of the HK$402m (US$52m) offer for Chinese car manufacturer Denway by more than HK$240bn.

It is estimated that there will be 20 new issues in Shenzhen this year, compared with nine in 1992, so the existence of a new investor base across the border will be an important factor in the performance of the market.

In Shanghai, bankers expect up to 25 flotations this year; but of these only five companies are expected to issue B shares, compared with 10 already in existence.

The collapse of share prices in the second half of 1992 has limited the prospect of flotations, suggesting that the new issues market should continue to perform well.

However, the small size and light trading on the secondary markets means that the only certainty for 1993 is that the Shenzhen and Shanghai stock markets will remain extremely volatile.

ASIA PACIFIC

Nikkei recovers as Hong Kong gains 3.3%

Tokyo

A FALL in the yen against the dollar following Japanese and US talks over the weekend soothed market worries about last week's volatility in the currency markets, and the Nikkei average regained the 17,000 level, *writes Emiko Terazono in Tokyo.*

The Nikkei rose 266.48 to end at the day's high of 17,117.99 on active buying by public funds and index-linked purchases by investment trusts, having fallen to a low of 16,920.04 in the morning on selling by arbitrageurs.

Volume declined to 190m shares from Friday's 281m, which was supported by trading linked to stock option settlements. Advances outscored declines by 595 to 334, with 173 issues unchanged. The Topix index of all first section stocks put on 11.81 at 1,300.76, and in London the ISE/Nikkei 50 index firmed 0.24 to 1,047.17.

Currency markets stabilised after Mr Yoshiro Hayashi, the finance minister, announced that Mr Lloyd Bentsen, the US treasury secretary, had not called for higher yen rates to cut Japan's trade surplus, during their meeting over the weekend. The dollar gained Y0.70 against the yen to finish at Y121.15.

Traders said buying by public fund managers convinced short sellers of firm support around the 17,000 Nikkei line. "Fears of a near-term market crash have receded on active buying by public funds," commented Mr Yasuo Ueki at Nikko Securities.

High-technology exporters, sold off last week on concern about the higher yen, rebounded. Fujitsu moved forward Y15 to Y540 and Sony rose Y50 to Y4,110. Hitachi, however, remained unchanged at Y695, held back by foreign investor selling. Overseas selling depressed Toyota Motor, Y20 down at Y1,380.

Nippon Steel, the day's most active issue, rose Y4 to Y297 on buying by public funds. Mitsubishi Heavy Industries gained Y8 at Y509. Banks saw heavy volume as investors sold and bought back holdings to realise profits: Shizuoka Bank appreciated Y40 to Y1,340 but Asahi Bank was flat at Y900.

In Osaka, the OSE average ended 36.87 ahead at 18,410.02 in volume of 95.3m shares.

Roundup

THE REGION'S winners were more vigorous than its losers yesterday.

HONG KONG's Hang Seng index topped 6,000 for the first time since November, adding 191.39, or 3.3 per cent, at 6,049.44. Turnover totalled HK$3.52bn (HK$2bn on Friday).

Overseas institutions snapped up shares on renewed hopes that Britain and China would start talking about finding a solution to the impasse over Hong Kong's political development. Reports in local newspapers said that China would not insist on Mr Chris Patten, the Hong Kong governor, dropping his democratic reform package before Sino-British talks on the stalemate are held.

SINGAPORE rose on balance but some blue chips shed weight on continued consolidation ahead of Friday's national budget. The Straits Times Industrial index closed 5.05 higher at 1,618.57.

TAIWAN was bullish but volatile after the nomination of Lien Chan, governor of Taiwan province, as premier last week. The weighted index ended 13.31 ahead at 3,876.76, a five-month high, after an advance of more than 40 points in the early stages. Turnover surged to T$44.73bn, its heaviest since last June.

AUSTRALIA staged a late rally after a sharp initial retreat to leave a slightly weaker close following a string of higher company half-year profits. The All Ordinaries index was finally 7.0 off at 1,596.5.

Foster's, Placer Pacific, Wesfarmers, Stanilite, Charles Davis and Rabbit Photos all reported rises in half-year profits, which brokers saw as favourable for the market.

BOMBAY declined on worries that the government might not secure enough parliamentary support for its budget proposals later this month. The BSE index finished 105.28 lower at 2,640.20.

Australia rises after election date is set

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-0.18	+8.97	-19.87	+2.87	+7.75	+0.92
Belgium	-0.63	+6.28	+2.57	+7.52	+11.78	+4.69
Denmark	-0.40	+10.15	-19.73	+10.85	+16.63	+9.24
Finland	+5.54	+4.59	+6.51	+12.43	+6.95	+0.19
France	+0.28	+4.63	+2.65	+3.90	+9.01	+2.09
Germany	+1.26	+8.04	-4.18	+8.26	+12.61	+5.47
Ireland	-4.96	+1.79	-12.76	+5.38	+1.66	-4.79
Italy	-2.55	+3.31	-2.03	+12.84	+14.81	+7.55
Netherlands	+0.72	+4.64	+5.24	+5.54	+9.55	+2.60
Norway	+3.31	+2.46	-8.71	+5.99	+10.97	+3.93
Spain	-0.83	+4.46	-6.15	+12.32	+15.84	+8.49
Sweden	+5.34	+4.36	+16.29	+4.44	+4.87	-1.78
Switzerland	+0.33	+2.47	+17.31	+3.28	+4.91	-1.75
UK	-0.89	+3.03	+13.85	+0.62	+0.83	-5.76
EUROPE	-0.08	+4.31	+6.14	+4.06	+6.12	-0.61
Australia	+4.33	+5.37	-2.67	+3.18	+8.64	+1.74
Hong Kong	+2.33	-0.30	+18.90	+5.71	+12.99	+5.82
Japan	-1.64	+1.71	-17.70	-1.46	+8.74	+1.85
Malaysia	+0.62	+7.16	+12.92	+4.10	+10.45	+3.45
New Zealand	+2.91	+7.13	+2.61	+3.75	+10.64	+3.61
Singapore	-1.31	+2.58	-1.78	+2.24	+8.66	+1.78
Canada	+1.72	+3.32	-7.51	+1.88	+10.16	+3.18
USA	-0.97	+1.86	+6.67	+1.99	+8.90	+1.99
Mexico	-0.24	-6.31	+2.10	-5.47	+1.63	-4.81
South Africa	+0.55	+2.01	-9.30	+7.07	+25.42	+17.47
WORLD INDEX	-0.73	+2.37	-1.22	+1.70	+8.35	+1.48

† Based on February 12th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co, and NatWest Securities Limited.

By John Pitt

Australia and the Nordic region of Europe showed strong gains last week, but currency volatility in Japan and a feeling that the rally in US equities since the start of the year might have been overdone left the FT-Actuaries World Index slightly depressed.

Senior European bourses also enjoyed a positive week, with Germany extending its gains throughout the five days to finish at a seven-month high. Many analysts now expect the DAX index to break through the 1,700 level this week as overseas buying strength continues.

Australia took heart from the announcement that the federal election will be held on March 13, thereby removing an element of uncertainty, and by Thursday had reached a six-month peak. Mr Paul Keating, the prime minister, also promised a series of economic measures designed to stimulate business investment, including a reduction in the company tax rate.

Other reasons for the market's fresh impetus included good results from News International and Commonwealth Bank, and solid gains in the resources sector, encouraged particularly by the strength of gold on the world markets.

Sweden came to life after Ericsson issued better than expected 1992 results, with the "B" shares advancing 9 per cent on the day of their release. A stronger dollar and expectations of lower interest rates also lifted sentiment.

Norway, its eyes firmly fixed on last weekend's Opec meeting, anticipated a cut in oil production and marked up the sector accordingly.

Among other soft currency markets, Italy was gripped by further political intrigue as, first, the justice minister resigned as investigations were begun on possible corruption charges, and then, a day later, Mr Bettino Craxi, the former prime minister, quit as leader of the Socialist party because of his alleged involvement in the same scandal.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	FRIDAY FEBRUARY 12 1993 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY FEBRUARY 11 1993 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	127.30	+0.7	133.10	97.21	110.03	124.85	+0.3	3.89	126.36	132.07	96.05	108.92	124.47	153.68	108.18	145.15
Austria (18)	141.45	+1.6	147.89	108.01	122.26	120.76	+0.7	1.86	139.23	145.52	105.83	120.01	119.90	186.70	131.16	184.27
Belgium (42)	139.48	+0.0	145.83	106.50	120.55	117.46	−0.1	5.14	139.44	145.74	105.98	120.19	117.60	152.27	131.19	138.09
Canada (113)	119.32	−0.3	124.75	91.11	103.12	108.47	−0.3	3.04	119.69	125.10	90.98	103.17	108.77	142.12	111.36	135.79
Denmark (33)	203.31	+0.3	212.57	155.25	175.73	176.07	+0.6	1.55	202.60	211.76	154.00	174.64	175.05	273.94	181.70	252.03
Finland (23)	69.74	+1.6	72.91	53.25	60.28	85.91	+0.7	1.66	68.63	71.73	52.17	59.16	85.27	89.80	52.84	87.54
France (98)	150.25	+0.1	157.10	114.72	129.86	132.52	+0.4	3.39	150.06	156.84	114.06	129.34	131.94	168.75	136.93	148.86
Germany (62)	109.73	+0.2	114.73	83.80	94.84	94.84	+0.5	2.41	109.46	114.41	83.21	94.35	94.35	129.69	101.59	117.52
Hong Kong (55)	234.46	+0.0	245.14	179.03	202.66	232.79	+0.0	3.88	234.41	245.00	178.18	202.07	232.75	262.28	176.36	198.44
Ireland (16)	129.28	−1.5	135.17	98.72	111.74	124.22	−1.2	4.28	131.25	137.18	99.77	113.14	125.73	173.71	122.98	165.53
Italy (76)	59.01	+1.5	61.69	45.05	51.00	68.13	+1.6	3.05	58.11	60.74	44.17	50.09	67.08	80.86	47.47	75.00
Japan (472)	106.97	−1.1	111.84	81.68	92.47	81.68	−0.6	1.02	108.11	112.99	82.17	93.20	82.17	140.95	87.27	119.61
Malaysia (69)	270.48	+0.6	282.80	206.53	233.78	274.18	+0.5	2.43	268.98	281.13	204.44	231.85	272.76	282.42	212.49	241.37
Mexico (18)	1568.57	+1.5	1640.02	1197.75	1355.76	5313.90	+1.3	1.13	1545.63	1615.46	1174.86	1332.32	5244.63	1789.77	1185.84	1634.26
Netherland (25)	155.34	−0.5	162.42	118.62	134.27	132.65	−0.2	4.29	156.08	163.13	118.64	134.54	132.93	169.70	147.88	150.49
New Zealand (13)	44.44	+1.1	46.47	33.94	38.42	45.97	+1.0	4.76	43.97	45.96	33.42	37.90	45.51	48.52	37.38	45.09
Norway (22)	143.12	−0.4	149.64	109.29	123.71	137.05	−0.2	1.82	143.77	150.26	109.28	123.93	137.33	192.95	128.05	171.89
Singapore (38)	217.15	−0.6	227.04	165.82	187.69	164.91	−0.6	2.00	218.39	228.25	166.00	188.25	165.85	229.63	179.65	218.87
South Africa (60)	173.97	−0.8	181.89	132.84	150.36	168.26	−2.1	2.99	175.42	183.34	133.33	151.20	171.94	263.60	134.21	230.98
Spain (47)	126.51	−0.7	132.28	96.61	109.35	113.67	−0.3	5.35	127.39	133.15	96.83	109.81	113.98	161.72	107.10	156.53
Sweden (36)	162.62	+0.7	170.02	124.18	140.56	181.03	+1.4	2.27	161.48	168.77	122.75	139.20	178.51	200.28	149.69	175.90
Switzerland (56)	111.03	+0.1	116.09	84.79	95.98	106.04	+0.4	2.02	110.94	115.96	84.34	95.64	105.61	122.37	95.99	98.67
United Kingdom (226)	162.44	+0.3	169.84	124.02	140.39	169.83	+0.3	4.39	162.00	169.32	123.13	139.63	169.32	200.07	161.86	177.29
USA (522)	181.65	−0.6	189.93	138.71	157.01	181.65	−0.6	2.78	182.84	191.10	138.98	157.61	182.84	183.74	160.92	166.35
Europe (780)	135.18	+0.2	141.34	103.23	116.85	129.92	+0.4	3.63	134.89	140.99	102.54	116.28	129.42	156.88	131.31	144.17
Nordic (114)	150.20	+0.6	157.04	114.70	129.83	148.11	+1.0	2.01	149.28	156.03	113.47	128.68	146.58	188.52	141.24	176.52
Pacific Basin (715)	112.00	−0.9	117.10	85.52	96.80	87.75	−0.5	1.36	112.98	118.08	85.88	97.39	88.19	141.97	93.70	122.94
Euro–Pacific (1495)	121.36	−0.4	126.89	92.67	104.89	104.45	−0.1	2.39	121.83	127.33	92.60	105.01	104.56	145.21	113.80	131.71
North America (635)	177.78	−0.6	185.88	135.77	153.69	176.69	−0.6	2.79	178.92	187.00	136.02	154.25	177.82	179.56	158.70	166.28
Europe Ex. UK (554)	117.99	+0.2	123.36	90.11	102.00	107.75	+0.4	3.12	117.77	123.10	89.54	101.54	107.27	132.96	111.33	123.98
Pacific Ex. Japan (243)	161.35	+0.3	168.70	123.22	139.47	150.34	+0.2	3.55	160.81	168.07	122.25	138.63	150.08	175.31	146.08	155.92
World Ex. US (1686)	122.77	−0.4	128.36	93.75	106.12	106.55	−0.1	2.41	123.22	128.79	93.67	106.22	106.69	146.91	115.99	133.89
World Ex. UK (1982)	139.66	−0.6	146.03	106.65	120.73	125.68	−0.4	2.37	140.46	146.81	106.78	121.09	126.21	150.58	127.21	141.38
World Ex. So. Af. (2148)	141.54	−0.5	147.98	108.09	122.34	129.21	−0.3	2.56	142.23	148.65	108.12	122.61	129.64	153.05	130.04	143.96
World Ex. Japan (1736)	161.31	−0.3	168.66	123.19	139.45	157.64	−0.3	3.09	161.79	169.10	122.99	139.46	158.06	165.40	151.93	159.01
The World Index (2208)	141.66	−0.5	148.12	108.18	122.45	129.58	−0.3	2.56	142.36	148.79	108.21	122.72	130.04	153.70	130.66	144.51

Latest prices were unavailable for this edition.